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# MULLEN TRANSPORTATION INC.
ANNUAL 2001 REPORT


# Hats off to our People.

# At a time when everything around us is changing, there's one thing we count on.

# Our People.

People are the backbone of any successful business. At Mullen we have adopted this simple concept for more than 50 years. Today, we say thanks to our People. They work 24 hours a day, year-round, travelling North America's highways. They expertly negotiate the challenges where no roads exist. They deliver the goods to our customers. They deliver solid, dependable performance to our investors.

**Hats off to our People.**
**We count on them.**
**So can you.**

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## Corporate Profile

Mullen Transportation Inc. is a logistics facilitator that offers streamlined business solutions and meets the challenges of its customers by using the latest satellite, database and Internet based technologies.

The Company provides management and financial expertise, technology and systems support to a network of subsidiary companies. Today the business of the Company is focused on two sectors of the economy – the Oil and Gas sector and Freight Transportation and Distribution – areas where Mullen has developed strong business relationships and industry leadership.

The Mullen Transportation Group is recognized as the largest provider of specialized transportation and related services to the oil and gas industry in western Canada, as well as one of the leading suppliers of trucking and logistics services in Canada. Mullen operates a fleet of 1,100 trucks and 2,500 trailers, and has a customer base of 5,000.

Mullen Transportation Inc.

# Employees & Owner Operators by Company


## Cascade Carriers Ltd.

A leader in bulk transportation, utilizing specialized trailers for construction, building and oil and gas industries in western Canada. Services also include the transportation of anhydrous ammonia and liquid petroleum gases using specialized pressurized trailers with various axle configurations. Equipment: approximately 140 tractors and 585 trailers.

| Division | |
|---|---|
| Trucking | |
| Office | 28 |
| Drivers & Helpers | 67 |
| Field Supervisors | 0 |
| Dock/Yard/Shop | 46 |
| Part-time | 10 |
| Owner Operators | 75 |
| **Total** | **226** |
| Total Years of Service | 1,130 |
| Average Years of Service | 5.0 |


## Grimshaw Trucking Ltd.

Provides less-than-truckload (LTL) scheduled deliveries of general merchandise service to over 200 towns and cities throughout western and northern Canada. A network of 23 terminal facilities is utilized every day by shippers needing distribution services. Equipment: approximately 120 delivery trucks and over 300 trailers.

| Division | |
|---|---|
| Trucking | |
| Office | 48 |
| Drivers & Helpers | 24 |
| Field Supervisors | 0 |
| Dock/Yard/Shop | 133 |
| Part-time | 50 |
| Owner Operators | 39 |
| **Total** | **294** |
| Total Years of Service | 1,998 |
| Average Years of Service | 6.8 |


### E-Can Oilfield Services

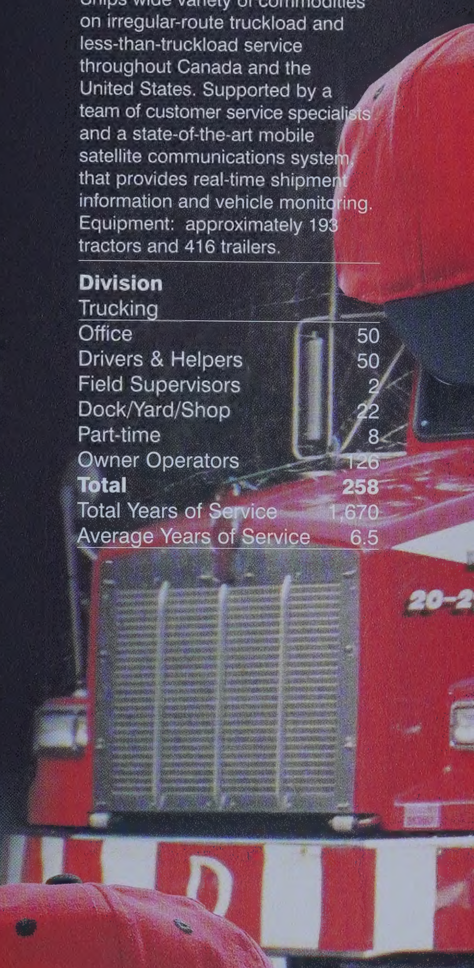
Assists in the pumping, hauling and disposal of heavy oil fluids. A market leader in providing customers with well servicing equipment and technology using advanced coiled tubing and flush-by units; tri-axle vacuum, pressure and tank truck hauling units, plus safety and environmental spill clean-up services. Equipment: approximately 123 tractors and 35 trailers.

| **Division** | |
|---|---|
| Oilfield Services | |
| Office | 37 |
| Drivers & Helpers | 199 |
| Field Supervisors | 10 |
| Dock/Yard/Shop | 49 |
| Part-time | 4 |
| Owner Operators | 31 |
| **Total** | **330** |
| Total Years of Service | 825 |
| Average Years of Service | 2.5 |

### Mullen Trucking Inc. – Truckload

Ships wide variety of commodities on irregular-route truckload and less-than-truckload service throughout Canada and the United States. Supported by a team of customer service specialists and a state-of-the-art mobile satellite communications system, that provides real-time shipment information and vehicle monitoring. Equipment: approximately 193 tractors and 416 trailers.

| **Division** | |
|---|---|
| Trucking | |
| Office | 50 |
| Drivers & Helpers | 50 |
| Field Supervisors | 2 |
| Dock/Yard/Shop | 22 |
| Part-time | 8 |
| Owner Operators | 126 |
| **Total** | **258** |
| Total Years of Service | 1,670 |
| Average Years of Service | 6.5 |




### Mullen Trucking Inc. – Oilfield Services
### FSJ L.A.N.D. Transport Ltd.

One of the largest fleets of oilfield trucking equipment in Canada. These companies supply oilfield trucking and drilling rig relocation services, including the safe dismantling, hauling and rigging up of drilling rigs in western and northern Canada. Equipment: approximately 183 tractors and 240 trailers.

| **Division** | |
|---|---|
| Oilfield Services | |
| Office | 34 |
| Drivers & Helpers | 153 |
| Field Supervisors | 19 |
| Dock/Yard/Shop | 40 |
| Part-time | 0 |
| Owner Operators | 63 |
| **Total** | **309** |
| Total Years of Service | 1,442 |
| Average Years of Service | 4.7 |


**Premay Equipment Ltd.**

Transports oversize and overweight modules, vessels, equipment and machinery for engineering, procurement, construction, mining, and oil and gas industries. Provides service to customers that require high service commitments, specialized transportation services and logistics planning. Premay operates over 340 pieces of specialized equipment and is recognized as the pre-eminent specialized transportation hauler in western Canada.

| **Division** | |
|---|---|
| Oilfield Services | |
| Office | 31 |
| Drivers & Helpers | 44 |
| Field Supervisors | 10 |
| Dock/Yard/Shop | 19 |
| Part-time | 1 |
| Owner Operators | 42 |
| **Total** | **147** |
| Total Years of Service | 559 |
| Average Years of Service | 3.8 |

## McGinnis Rat Hole Drilling Co. Ltd.

Operating in western Canada, McGinnis provides its customers with the necessary equipment, technology and personnel to complete the drilling and setting of conductor pipe. Today, McGinnis operates approximately 21 tractors and 11 trailers, which includes 2 new state-of-the-art truck mounted dual rotary drill units specifically designed to meet the challenges of setting casing in the Western Canadian Sedimentary Basin.

| **Division** | |
|---|---|
| Oilfield Services | |
| Office | 3 |
| Drivers & Helpers | 15 |
| Field Supervisors | 4 |
| Dock/Yard/Shop | 4 |
| Part-time | 0 |
| Owner Operators | 0 |
| **Total** | **26** |
| Total Years of Service | 160 |
| Average Years of Service | 6.2 |

## Mill Creek Equipment Ltd. & Mill Creek Motor Freight Inc.

Truckload and less-than-truckload highway van service is provided to customers requiring transborder shipments between Canada, the United States and Mexico. Supported by a team of customer service specialists and a state-of-the-art mobile satellite communications system that provides real-time shipment information and vehicle monitoring. Equipment: approximately 249 tractors and 661 trailers.

| **Division** | |
|---|---|
| Trucking | |
| Office | 49 |
| Drivers & Helpers | 157 |
| Field Supervisors | 0 |
| Dock/Yard/Shop | 22 |
| Part-time | 8 |
| Owner Operators | 114 |
| **Total** | **350** |
| Total Years of Service | 1,620 |
| Average Years of Service | 4.6 |


## Premay Pipeline Hauling Ltd.

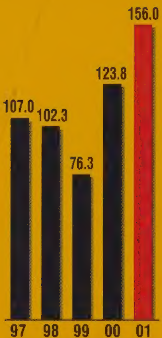
Provides the pipeline construction industry with contract services including the hauling, stockpiling and stringing of large diameter oil and gas transmission pipe. Provides services to pipeline contractors, pipe mills, transmission companies and engineering firms involved in the construction of oil and gas transmission pipelines. Equipment: approximately 16 tractors and 57 trailers.

| **Division** | |
|---|---|
| Oilfield Services | |
| Office | 2 |
| Drivers & Helpers | 0 |
| Field Supervisors | 1 |
| Dock/Yard/Shop | 1 |
| Part-time | 4 |
| Owner Operators | 0 |
| **Total** | **8** |
| Total Years of Service | 76 |
| Average Years of Service | 9.5 |

# Year in Review

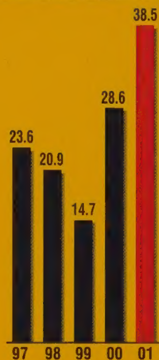
2001 was another successful year for Mullen, providing further evidence that our business model generates solid growth and sustainable earnings for our shareholders. An investment strategy focused on the oil and gas service sector, accompanied by a relentless pursuit of operational efficiency and stringent cost controls, enabled your Company to post another year of record revenues and excellent profits.

Murray K. Mullen
Chairman, President and C.E.O.



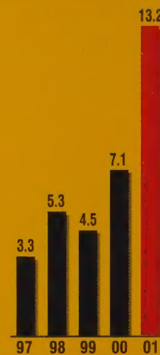
Oilfield Services
Revenue ($ millions)

OILFIELD SERVICES BENEFITED FROM RECORD LEVELS OF OIL AND GAS DRILLING ACTIVITY, EXPANSION OF THE OIL SANDS PROJECTS AND FULL-YEAR RESULTS OF E-CAN OILFIELD SERVICES.



Oilfield Services
Operating Income ($ millions)

OPERATING INCOME REACHED NEW HIGHS DUE TO THE COMBINATION OF INCREASED REVENUES AND MARGIN IMPROVEMENT.

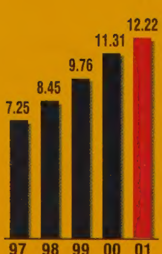


Oilfield Services
Net Capital Expenditures ($ millions)

CAPEX IN SPECIALIZED OPERATING EQUIPMENT NEARLY DOUBLED IN 2001, ENSURING OILFIELD SERVICES CONTINUES TO MEET THE EXPANDING NEEDS OF ITS CUSTOMER BASE.

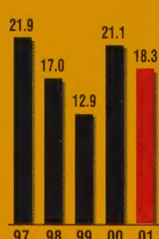
The Trucking segment struggled somewhat as the North American economy slowed. Last year's performance, while down marginally, is impressive given the competitiveness in the market. We attribute this relatively good performance to our commitment to cost control and to a diversified and geographically distributed customer base. Each business unit has been remodeled, ensuring that we can meet the demands of our customers, remain competitive in the market, and be profitable. We are well positioned to grow once the economy recovers.

David E. Mullen
Senior Vice President – Mullen Transportation Inc.
Vice President – Mullen Trucking Inc. – Truckload



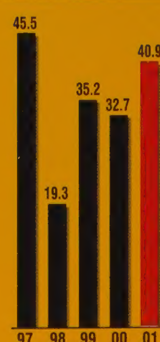
Book Value Per Share
($)

SHAREHOLDERS' EQUITY HAS CONTINUED TO INCREASE ON A PER SHARE BASIS, REFLECTING OUR PROFITABLE BUSINESS MODEL. IN 2001, BOOK VALUE REFLECTS A REDUCTION OF $0.95 PER SHARE ASSOCIATED WITH THE SHAREHOLDER APPROVED REORGANIZATION OF JUNE 1, 2001.



Return on Equity
(%)

MULLEN HAS CONSISTENTLY GENERATED SOLID RETURNS ON EQUITY WITHOUT LEVERAGING THE BALANCE SHEET.

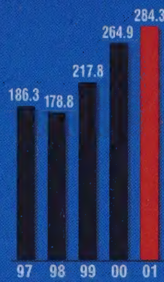


Working Capital
($ millions)

STRONG WORKING CAPITAL, ESPECIALLY WHEN IT INCLUDES A SIGNIFICANT CASH COMPONENT, ENABLES THE COMPANY TO SURVIVE ECONOMIC DOWNTURNS AND TO TAKE ADVANTAGE OF BUSINESS OPPORTUNITIES.

Revenues
($ millions)

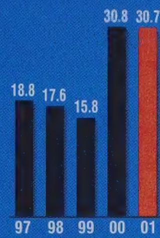
A VERY ACTIVE OIL AND GAS SECTOR WAS THE MAJOR CONTRIBUTOR TO A $27.3 MILLION INCREASE IN REVENUES.



Operating Expenses
($ millions)

MULLEN HAS BEEN SUCCESSFUL AT MITIGATING RISING OPERATING COSTS THROUGH A COMBINATION OF STRINGENT CONTROLS AND BY UTILIZING THE SERVICES OF SUB-CONTRACTORS.

(Operating Expenses consist of: Direct Operating Expenses and Selling & Admin. Expenses before Interest, Taxes & Depreciation)

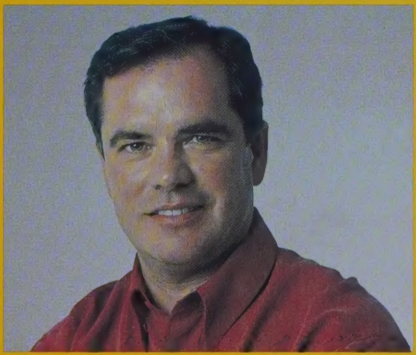


Net Income
($ millions)

MULLEN ENJOYED ANOTHER PROFITABLE YEAR IN SPITE OF THE CHALLENGE ASSOCIATED WITH A SLOWING ECONOMY AND THE CORPORATE REORGANIZATION ON JUNE 1, 2001.

Last year Mullen undertook a number of initiatives aimed at strengthening our position as the largest supplier of transportation and supply chain services to the Canadian oil and gas industry. We invested significant capital in all aspects of our oilfield service offerings and acquired a 49% interest in the largest base camp facility in the Mackenzie Delta region of the Northwest Territories. We also developed important partnerships with Inuvialuit businesses. Oilfield Services produced record results, even as the pace of drilling activity slowed in the second half of the year.

Bruce W. Mullen
Senior Vice President – Mullen Transportation Inc.
Vice President – Mullen Trucking Inc. – Oilfield Services

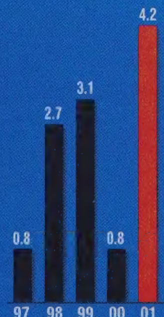


Trucking
Revenue ($ millions)

REVENUES WERE LOWER DUE TO DECLINES IN BUSINESS AT MILL CREEK, WHOSE CUSTOMER BASE WAS SEVERELY IMPACTED BY THE ECONOMIC SLOWDOWN.

Trucking
Operating Income ($ millions)

OPERATING INCOME DECLINED AS A RESULT OF LOWER MARGINS AND REVENUES ON COMPANY OPERATED EQUIPMENT.



Trucking
Net Capital Expenditures ($ millions)

SINCE 2000 WE HAVE REDUCED OUR RELIANCE ON COMPANY OPERATED TRUCKS. LAST YEAR WE DETERMINED THAT BY CONVERTING EXPIRED TRUCK OPERATING LEASES TO COMPANY OWNED ASSETS, WE COULD LOWER OUR OPERATING COSTS.

In 2001, Mullen generated funds from operations of $45.4 million, which were used to fund $17.5 million of net capital additions and $5.7 million in shareholder dividends. The balance was applied to debt repayment and increased working capital. At Mullen we consider a strong balance sheet to be one of our key attributes and a competitive advantage. By year-end shareholders' equity was $176.5 million, representing a book value per share of $12.22, with essentially no debt.

David E. Olson
Vice President Finance and C.F.O.

# President's Report
## to Employees and Shareholders

> **"At Mullen, we believe there is only one way to manage a business on behalf of our shareholders – with honesty and integrity."**

Murray K. Mullen
Chairman, President
and C.E.O.

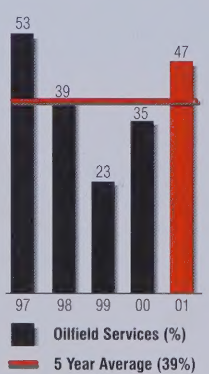
During this time of economic uncertainty, I am proud to say that our shareholders, employees, owner-operators and other stakeholders can rest easy. Mullen Transportation is a company that is able to meet its growth targets and financial obligations without resorting to creative accounting. I would hope, based on our track record, that my word would suffice. But I am also aware of the credibility issue that surrounds senior executives, particularly in light of the many recent bankruptcies, business failures and financial scandals. Who can you trust today?

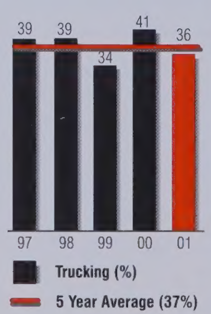
At Mullen, we believe there is only one way to manage a business on behalf of our shareholders – with honesty and integrity. We teach it as part of our Leadership Training. It is encompassed within our "On The Road To Quality Program". And, make no doubt, it starts at the top of our organization. At Mullen, senior executives are held accountable, not just by your Board of Directors, but also the employees and owner-operators within the organization. I believe that our record speaks for itself. As proof, I am pleased to offer our financial results that show a pristine balance sheet at year-end 2001, a significant working capital position and no net debt. These strong financials, plus our established record, provide each of our stakeholders with a level of comfort that today is difficult to find.

Integrity and financial stability are two very important issues to most investors. These are not new words, but in too many cases they appear to have been set aside in favour of more short-sighted goals. Once again, I believe shareholders are seeking companies that are trustworthy and that take a long-term view to growth and value creation – and ultimately shareholder wealth. Those investors who sought quick rewards must now face reality. The truth is that real shareholder value can only be created by companies that generate real profits and free cash. Anything else is a byproduct of the heady 1990s, when the "New Economy with New Rules" prevailed.

There are always times when unbridled enthusiasm can be transformed into a self-believing prophecy. By the late 1990s far too many people were induced by the lure of easy money, believing there was a new way to create wealth. This led to one of the most unsustainable markets on record. Consequently, today we are all paying the price of the "virtual" capital markets. It will take some time to correct this situation but when that happens companies like Mullen will be well positioned to assume the lead role in the next economic growth phase.

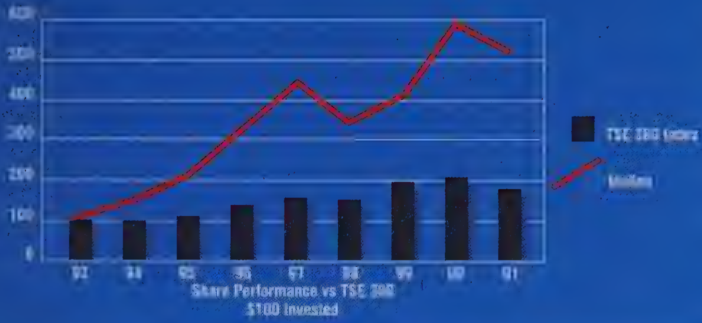
### Return on Invested Capital

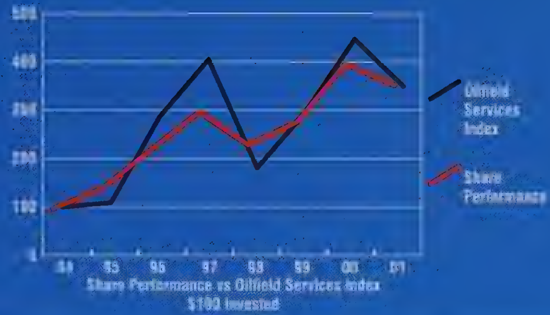



Our diversified business model is both unique and very effective. By carefully monitoring the data points that impact both sectors of the economy that Mullen services – the oil and gas sector and freight transportation and distribution – we have been able to identify market shifts early in the cycle and to make informed decisions as to where to invest shareholders' capital.

RETURN ON INVESTED CAPITAL IS EARNINGS BEFORE INTEREST & TAXES DIVIDED BY THE BEGINNING EQUITY & LONG TERM DEBT.




## 2001 – A Challenging Year

2001 was not a particularly good year for investors or for the stock market. Many stocks, particularly those leveraged to the technology sector or those with flawed business models, were punished. Even the oil and gas sector had a difficult year in spite of record revenues and earnings.

At Mullen, our shareholders began 2001 with a $28.00 share price that reached a high of $38.00, dipped to a low of $20.00, and closed the year at $24.95. This decline of 10.9 percent for the year, which followed an outstanding 43.6 percent increase in 2000, reflects the cyclical nature of the markets we serve – the oil and gas sector and the trucking industry.

The decline was less severe if we include the closing share price of $2.03 for Moveitonline Inc., our e-business initiative that was spun-out in 2001 by way of a shareholder-approved Plan of Arrangement. Based on this, our long-term shareholders only saw a year-over-year decline of $1.02 or 3.6 percent, which handily beats the performance of the TSE, the DOW, S&P and NASDAQ. While I dislike reporting to our shareholders that their investment dollars actually declined, I am quite confident that if you consider Mullen shares over a longer timeframe you will find that our returns to shareholders rank in the top echelon.

In the opening pages of this annual report, we provided an overview of the year's financial and operating results. From our perspective, 2001 was a good year particularly given the economic and market challenges. The slowdown in the economy, which has been well documented, was the most obvious challenge to our business, negatively impacting the demand for freight and related transportation services. The slowdown also contributed to the sharp declines in demand for both crude oil and natural gas – at exactly the same time that the market was adding incremental supplies of both commodities. As always, the result was lower prices. By summer commodity prices were significantly lower, reducing industry cash flows and activity levels. Our Oilfield Services division was hampered by this slowdown, which was most pronounced in the fourth quarter. This was an unexpected turn of events, though in hindsight very predictable. Once demand slows it takes time for supply to adjust. And until it does, prices fall.

Readers of my annual message will recall that last year I concluded that North America needs energy and that the outlook for our oilfield services businesses, and hence Mullen Transportation, never looked brighter. For the first few months, my words were confirmed. By summer, however, it was evident that the economy and the markets were changing rapidly. So much for my prediction. (Actually I am still sticking to my prediction, but my timing is probably off by as much as 12-18 months).

### Issue

Investors have grown skeptical of the stock market and of publicly traded companies. Their investments have been eroded as a result of declining stock values and questionable accounting practices.

### My Response

"Investors have a right to expect complete transparency and full financial disclosure from the companies they invest in. They also have a right to expect senior executives to be accountable for their actions and to strive for best-efforts performance at all times. Throughout our 52-year history integrity has always been a guiding principle. It has helped us stay focused and to do the right things. We believe our past record and strong balance sheet provide investors with an added level of comfort."

# "We did not identify any acquisition targets. None represented real value."

## Issue

The North American economy is expected to grow at significantly lower rates than in the 1990s. This will have an impact on virtually all sectors of the economy, including the transportation industry.

## My Response

"Economic growth was at a feverish pace by the end of the last decade, which we now know was not sustainable. From our perspective, much of the growth can be related to the Y2K issue. All companies, including Mullen, were led to believe that entire technology systems needed to be replaced prior to 2000. Is it any wonder that the technology sector is now in a slump? Unfortunately we are all paying the price for the excesses of the 1990s."

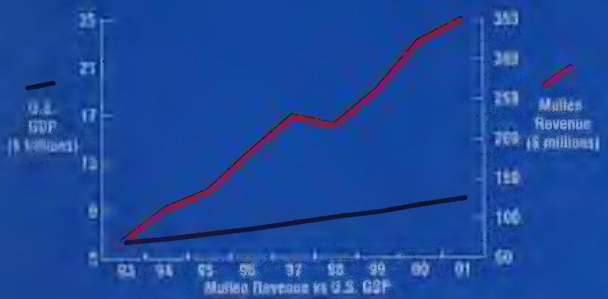
Last year we also completed the split-off of Moveitonline Inc. You may recall that in 2001 we concluded that our e-business initiatives had the best potential for success as a separate, stand-alone business. On June 1, 2001 Moveitonline Inc. was split-off by way of a Plan of Arrangement, resulting in a new public company focused on the business-to-business market. Included in the split-off was our non-asset-based logistics business, which generated over $37 million in revenues in 2000. As a result of the corporate restructure, this business segment was included in Moveitonline and not in the newly reorganized Mullen Transportation Inc.

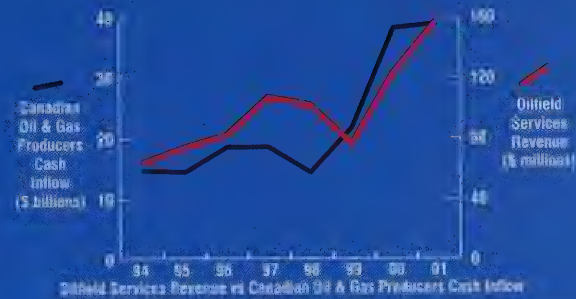
In terms of acquisitions, we could not identify any suitable candidates that met our investment threshold. Our view was that businesses related to oilfield services had unrealistic expectations built into their price. We could not justify leveraging our balance sheet given our outlook for the sector. On the trucking industry side, there were few encouraging signs that the massive profit squeeze afflicting the majority of trucking companies was about to change. We had no appetite for businesses that could not generate returns to shareholders in excess of our cost of capital. There were many cheap opportunities, but none that represented real value.

In spite of these challenges, 2001 was also a very exciting and positive year for our organization. I have spoken about our split-off of Moveitonline, which was a time consuming and I believe, a worthwhile exercise. In addition, we found time to expand upon our northern initiatives. We invested millions of dollars in the largest and finest base camp facility in the north – the old Canmar Dome base strategically situated on the banks of the Beaufort Sea.

We are already seeing the rewards of this investment – the camp has been contracted by a major producing company and will play an important role in the ongoing development of Canada's richest natural gas reserves and in our growth strategy. In addition, our new partnerships with First Nation businesses uniquely position Mullen Transportation to capitalize on the future growth of one of Canada's last untapped markets.

Our acquisition of E-Can Oilfield Services in 2000 provided Mullen with a strong foothold in the expanding heavy crude oil market, which is very dependent upon the service industry. Last year E-Can produced outstanding returns – at least while the crude oil price remained strong. Activity levels and investment in heavy oil drilling were brisk in the first half of 2001 and then the unexpected happened. The CITGO refinery, located outside Chicago, suffered a major explosion and fire, resulting in the closure of the refinery in August. This was a major blow to Canadian heavy crude oil producers since the refinery was handling an estimated 70,000 barrels per day of Canadian oil exports. The lower demand led to a collapse in prices and investment in heavy crude oil projects. As a major supplier to this industry, E-Can was affected. The good news is that a recovery now appears to be in sight for the heavy oil industry. The




refinery is scheduled to reopen in the second quarter of 2002, which should inject new life to the Canadian heavy crude oil market and suppliers like E-Can.

With respect to our other business units, I am most pleased with the performance recorded by Mullen Trucking and Premay Equipment. Both of these companies produced record results, capitalizing on favourable market conditions. Much of the credit for this performance goes to the management teams who have worked diligently over the years to ensure that their respective companies are streamlined and operationally efficient.

## Mullen Recorded 18.3% ROE

In summary, 2001 was a great year for our organization. Mullen Transportation generated revenues of $349.6 million and net income of $30.7 million which translates into a return on shareholders' equity of 18.3 percent. As a result of these strong returns the Mullen group of companies distributed approximately $8 million in profit share to its talented and dedicated employees. I am proud not just of their accomplishments, but also of being the President of a company that shares its successes with its employees.

And while our shareholders did not see the value of their investment increase last year, I firmly believe that we have a framework in place which will result in significant benefits to shareholders in the future. Mullen Transportation is a world-class company with loyal employees and owner-operators, long-established customers and a future that looks extremely bright.

## Expectation For 2002

Although the long term looks very positive, 2002 presents a number of challenges, including the potential for a continued downturn in the North American economy, and thin margins on much of the trucking-related business. Despite this, we see opportunities to build upon our existing businesses and to evaluate new ventures.

Most business models, and ours is really no different, work best when the North American economy – or I should say the U.S. economy – is growing. Virtually everything is dependent upon the market getting larger, which translates into more freight moves, manufacturing capacity being added, employment growth and higher demand for oil, natural gas and other forms of energy. Today we have a U.S. economy that is approaching $10 trillion, as measured by Gross Domestic Product. The Canadian economy is roughly $1 trillion. The real question that needs to be asked, is whether an economy the size of the U.S. can continue to grow at the same rates as in the 1990s? If it can, Mullen Transportation has a great business model with significant leverage to both the freight transportation and distribution segment of the economy and to the oil and gas industry. Let's compare the growth rates in the U.S. economy and the revenue growth in Mullen Transportation. In the above graph we have started with 1993 as the base year because it was the first period of significant GDP growth in the U.S., after the recession of 1991-1992, and it was the year Mullen entered the public markets.

### Issue

Oil and natural gas prices have fallen quite dramatically over the past few months forcing producers to reduce their drilling programs in 2002.

### My Response

"At Mullen we have an unshakable belief in the energy sector. Both crude oil and natural gas are non-renewable resources which means that any decline in drilling activity should be short-lived, particularly considering the depletion rates on current producing wells. Experience has taught us that this is a cyclical business. As such, we expect it to recover."

# "Recessions inject discipline in the market and separate the wheat from weed."

## Issue

The trucking industry is facing a number of competitive pressures, forcing many companies to slash prices just to keep their trucks on the road.

## My Response

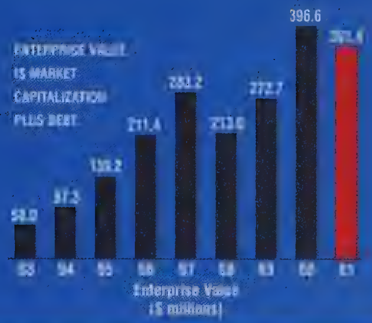
"In 1999 we recognized that the trucking industry was losing its pricing leverage even though demand was very strong. As a result we reduced our fleet of Company-operated trucks, restricted capital investment in our Trucking division and outsourced a significant portion of our freight to owner-operators and subcontractors. We are now well positioned to patiently wait for the competition to fail, demand to improve and pricing leverage to return."

Clearly there is a correlation; Mullen grew as the economy expanded and it grew at multiples of the GDP growth rate.

Using the past as a barometer for the future, it seems reasonable to expect our organization will continue on this growth curve as long as the overall economy continues to grow. There is a broad consensus that this will be the case, with many investors and politicians counting on a return to economic growth. They point to a number of monetary and fiscal policies that, as in past recoveries, appear to be setting the stage for a reacceleration of the economy. Interest rates are at historically low levels. Tax rates have fallen. Employment statistics, while off their peak levels, still remain high with well over 90 percent of the working population employed. And now, energy prices have fallen, (to the short-term detriment of the oil and gas sector and to those who rely upon this sector of the economy), providing consumers and businesses with lower energy costs. Essentially, it appears that an economic rebound is on the horizon, perhaps as early as the second quarter of 2002. Growth is coming back. Earnings will improve and share prices will rise. It all sounds so simple.

There is, of course, another scenario to consider. If you believe in Stein's Law – Stein prophesied that if something cannot go on forever, it will stop – then perhaps there will not be a quick return to growth. What happens to Mullen Transportation if we enter an era of relative flat or no growth? What if the U.S. economy has reached its peak for the time being? How will Mullen, and ultimately our shareholders, fare?

Obviously business would be more challenging in such an environment. The marketplace would be more competitive, and growth harder to achieve. Perhaps that may not be all bad. In the 1990s, however, many companies had huge growth, but they forgot that a successful business model must be centered on cash profits – not pro-forma earnings. The tragedy is that in the greatest growth market in recent history these companies failed to make any money. They were exposed as the economy slowed and growth evaporated. And many investors, employees and suppliers believed in them. That's why I believe that recessions are important. They inject discipline into the market and help to separate the wheat from the weed. And truthfully, if one believes the reported numbers, one could argue that this recession has been reasonably benign and may be quite short. Yet companies, including the so-called "big sophisticated ones", have already failed. God forbid what could happen if there was a prolonged or deep recession!!


Today, it appears that there will be a return to a reality-based business model, one that demands that companies be profitable, show sustainable growth and be cognizant of the downside. This is exactly the type of model that fits our style. At Mullen, we are proud of the fact that in growing the Company we have generated real profits for our shareholders, averaging a return on equity over the last five years of 18.2 percent. We did this without leveraging our shareholders' future or the balance sheet. Today, Mullen Transportation is virtually debt-free, with cash in hand, at a time when liquidity in the market is very tight. It's true that interest rates are low, but raising capital – either equity or debt – to fund a business model is very difficult. All these factors put Mullen Transportation in an enviable position. We have the discipline to be patient as competitors price away their future, grasping for business to meet debt obligations. And, we have the ability to expand when the right opportunities become available.

## One Final Note

These are different times. There are compelling arguments for a new economic growth cycle that is only months away, and equally powerful arguments for an entirely different result. I cannot predict which is most likely in the short term. But I can state unequivocally that Mullen Transportation is equipped to deal with either scenario. We can grow. Or, we can hunker down and return excess cash to our shareholders. Either way we will succeed because we have built a Company that generates free cash and has no payment requirements other than to our shareholders via dividends. Obviously we are pleased with our decisions to date and our shareholders, employees and owner-operators should expect nothing less in the future.

On behalf of your Board of Directors,

Murray K. Mullen

Chairman, President and
Chief Executive Officer

March 19, 2002

### Issue

Reports suggest that the insurance industry has tightened capacity and raised pricing in response to the events surrounding September 11, 2001.

### My Response

“Insurance is a function of two criteria – capacity and losses. In both cases we are seeing a substantial adjustment, which we believe will ultimately force many of our competitors out of business. At Mullen, our strong balance sheet and relentless pursuit of excellence in safety will minimize the effects of a tight insurance market.”

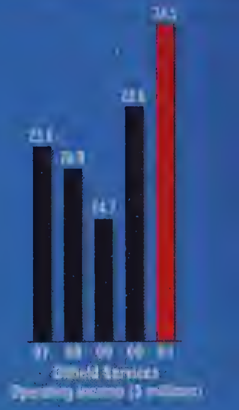
Mullen Transportation Inc.

# Oilfield Services

## Year In Review

2001 was a great year for Oilfield Services. We expanded the service offerings to our existing client base and secured new customers in one of the fastest growing segments of the oil and gas sector in western Canada – oil sands and in-situ bitumen (better known as heavy oil). Just as important, however, our long-established business units were able to capitalize on record drilling activity and capital investment by the oil and gas industry.

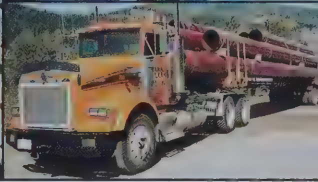
For oil and gas producers the year started out very strong, driven by the highest industry cash flows on record. By mid-year the slowing North American economy began to impact commodity prices and industry revenues. This sudden reversal caused producing companies to rethink their aggressive capital budgets and by the fourth quarter drilling programs were reduced to levels last seen in 1998-1999.

The impact on our business units was significant, adding a negative tone to an otherwise outstanding year.

# Our business units set records for rigs moved, utilization, revenues and profitability.



### Drilling Activity

Last year, oil and gas producers drilled nearly 18,000 oil and gas wells in western Canada, up slightly from the previous record of 17,500 in 2000. Our rig moving business units, Mullen Trucking Inc. and FSJ L.A.N.D. Transport Ltd., were major beneficiaries of the increased activity. These businesses set their own records for rigs moved and equipment utilization, as well as revenues and profitability, capitalizing on the strength of the industry fundamentals.

### Capital Projects

Premay Equipment Ltd. had an exceptional year providing engineering design and specialized transportation hauling services to the oil and gas companies participating in the development of Canada's vast oil sands reserves. Some of the largest oil and gas companies have announced planned investments in the billions of dollars. These projects will have a significant transportation component, much of which will be very specialized, overweight and over-dimensional. Premay is the industry leader in this field, providing the downstream segment of the oil and gas industry with a large fleet of specialized equipment and the most talented group of engineers and operators in the business.

### Heavy Oil

The acquisition of E-Can Oilfield Services, which was completed in September 2000, has more than just met our expectations – it has exceeded them. This is despite the reduction in heavy crude oil production during the last half of 2001. E-Can is the industry leader in providing transportation services to the producer companies. Today, E-Can has leveraged its expertise into a new and exciting venture – well servicing. Using the newest truck-mounted, coiled tubing units, E-Can can reduce both the time it takes to service these wells and the costs associated with servicing. Previously, it took one day for a service rig to complete service on a well; today, E-Can does this in four hours. As producers continue to invest in the development of western Canada's large heavy crude oil reserves, Mullen is well positioned to capitalize on the opportunities that will inevitably follow.

### Pipeline Construction

Last year was a difficult year for the large diameter pipeline business. Premay Pipeline Hauling Ltd. was idle for the majority of the year as transmission companies focused on evaluating the current pipeline infrastructure and long-term pipeline needs.

Recently, there has been significant discussion concerning the next phase of pipeline activity which will be centered on natural gas from Alaska and the Mackenzie Delta. When these projects proceed – and they almost certainly will – activity will be brisk and probably require years to complete. Our business unit will be ready.

### Mackenzie Delta Region

This is an exciting new growth initiative that can only get larger as producers rush to develop the nine trillion cubic feet of natural gas reserves estimated to be contained in the region.

Last year, Mullen made two significant investments in the Delta, both designed to provide Mullen with a growth platform and operational leverage. In April, we entered into a venture with our Inuvialuit partners, E. Gruebens Transport, to acquire a 49 percent interest in Beaufort Oilfield Support Services Ltd., which includes a 240-man base camp and storage facility, complete with dock access to the Beaufort Sea. The second investment involved the transfer of assets and the purchase of new equipment designed specifically to support trucking and construction activities in the far north. By year-end, we had approximately 45 pieces of equipment based in the region.

Mullen Transportation Inc.

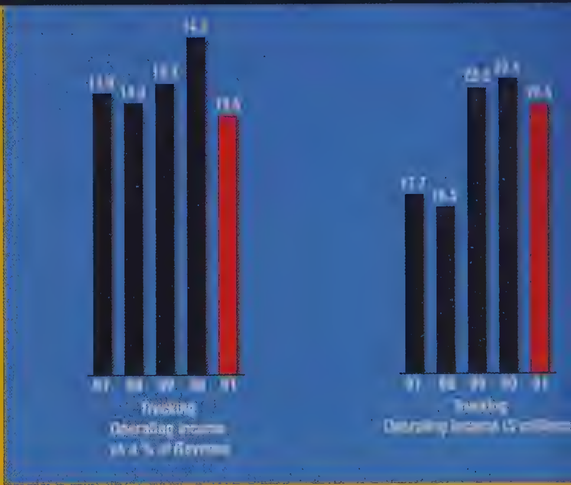
# Trucking

## Year In Review

The past year presented incredible challenges for the Trucking division. An economic slowdown, industry over-capacity and competitive pricing combined to create an environment that constrained our growth plans. It was a year in which we focused on controlling costs, a strategy that allowed the business units to produce very good results in spite of the numerous obstacles.

The decision to limit investment in the Trucking division effectively assured that growth would not be achieved in 2001. Our view was that the fundamentals affecting the business did not justify additional investment and that the industry was in the midst of an economic crisis.

Controlling costs and eliminating waste were identified as the primary drivers to success. Each of our business units undertook a critical review of their operating practices, which mitigated the effects of the competitive market.



# Grimshaw Trucking provided daily LTL Service to Fort McMurray, Suncor and Syncrude.


## Western Canada

Western Canada, and in particular Alberta, provided the best opportunities in 2001, primarily due to spin-offs associated with the oil and gas industry's capital spending boom. The development of the oil sands projects is an excellent example of how billions of dollars have been allocated to construct the infrastructure required to access this vast natural resource. Mullen Trucking, Grimshaw Trucking and Cascade Carriers are beneficiaries of these projects, providing a wide array of trucking services to both the plants and to suppliers of the new projects.

Grimshaw Trucking Ltd. has consistently grown its less-than-truckload (LTL) volumes. Today, they provide daily scheduled LTL service to the city of Fort McMurray, the surrounding communities and the two major plants – Syncrude and Suncor. Mullen Trucking Inc. – Truckload, was involved in the transportation of most of the super-sized rock trucks to the two plants, where they are used to haul heavy oil deposits within the plant sites. These contracts, with quality customers such as Finning Canada, Transwest Mining Systems Inc. and Wajax Industries Ltd. Mining Division, allowed Mullen Trucking to generate excellent results in 2001.

## Eastern Canada and the United States

In marked contrast to our businesses based in western Canada, the economic slowdown has had a material impact on our trucking business based in Ontario, Canada and the United States. Mill Creek experienced a significant decline in revenues and profitability in response to cutbacks in shipments by its primary customer base – the technology and telecom sectors, and the major office furniture manufacturers.

Freight volumes from these customers declined by as much as 40 percent year-over-year, which was virtually impossible to replace in the already over-crowded trucking industry, and Mill Creek was forced to downsize. Fortunately, we had anticipated a slowdown, although not to the degree it actually occurred, which allowed Mill Creek to adjust to the current market realities in an efficient and rational manner. We are optimistic that once economic growth returns that Mill Creek will once again generate excellent results.

# Where few dare to tread

# Northern Resource Initiatives

### Initiatives in the New Frontier – Canada's Far North

Canada is a resource-rich country strategically located near the world's largest economic power and user of energy. The search for natural resources to sustain and fuel the U.S. economy must continue. Our belief is that the U.S. will strive to reduce their dependence on OPEC supplies, forcing the search into new frontiers. Canada's north is one of the few remaining areas to contain vast reserves of the commodities so desperately needed in North America.

We have seen this opportunity develop in recent years. During that timeframe Mullen Transportation has made investments in areas that we believe position the Company to capitalize on the growth opportunities that are beginning to materialize and which we believe will increase over the next several years. Reserves in Canada's Far North are not only virtually undeveloped, they are contained in areas where there is no infrastructure. All this represents opportunity for Mullen.

On the following map we have identified four key opportunities, all of which are related to northern Canada's natural resources, including:

- Fort McMurray, Alberta – one of the largest known reserves of crude oil in the world.
- Ladyfern, B.C. – situated along the Alberta/British Columbia border, this play is the largest and most exciting natural gas discovery in the last 20 years.
- Nunavut – one of the richest and most prolific diamond plays discovered anywhere in the world.
- Mackenzie Delta – known to contain one of the last and largest untapped natural gas reserves on the continent.


Tuktoyatuk
Inuvik
NUNAVUT
Norman Wells
Fort Norman
Diamond
Mines
YUKON
Yellowknife
NORTHWEST TERRITORIES
Fort Resolution
Hay River
Juneau
BRITISH COLUMBIA
Fort St. John
Fort McMurray
Peace River
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Prince Rupert
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Edmonton
Lloydminster
Saskatoon
Calgary
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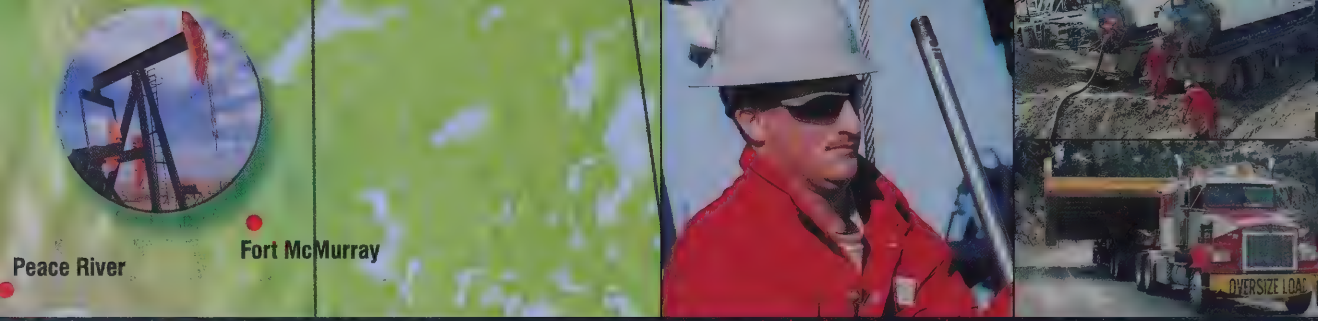



## Fort McMurray (Heavy Oil)

Northern Alberta is known to contain an immense heavy oil reserve base in the form of both in-situ bitumen – oil that is less than 10 degrees API and requires some stimulation before it can be recovered at the surface, and synthetic operations – oil that is mined and produced from oil sands. Recoverable reserves are estimated to exceed 300 billion barrels and have a reserve life in excess of 35 years. Development of the heavy oil reserves represent a tremendous opportunity for Mullen as producers invest billions of dollars to develop the infrastructure, plants, mining operations, upgrader facilities and refineries required to transform the heavy oil into useable oil products. The Shell/Albian project is already underway, while Syncrude's UE1 project and Suncor's Firebag project are scheduled to proceed later in 2002. Beyond the transportation of heavy equipment, plant components and other types of supplies, our business units are involved in other types of projects such as hauling and stockpiling large diameter pipe for stringing to Fort McMurray during the winter.

These projects place enormous pressure on transportation suppliers and Mullen's logistical and technological competencies are much in demand in terms of forming partnerships with local suppliers and managing transportation projects.

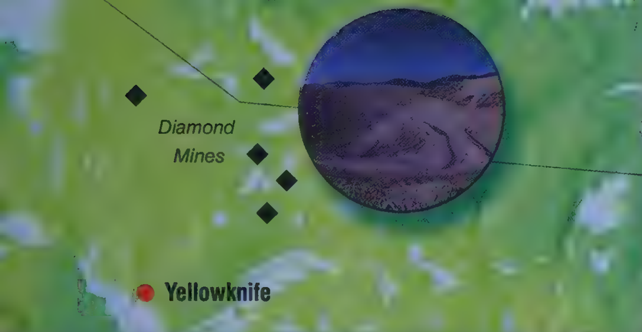
*Active Mullen Companies:*
*Premay Equipment Ltd.; Mullen Trucking Inc. – Truckload; Mullen Trucking Inc. – Oilfield Services; Cascade Carriers Ltd. Premay Pipeline Hauling Ltd.; E-Can Oilfield Services; McGinnis Rat Hole Drilling Co. Ltd.; Grimshaw Trucking Ltd.;*


## Ladyfern (Natural Gas Discovery)

Natural gas is increasingly referred to as the energy source of the future due to its relatively environmentally-friendly characteristics. Current North American demand is approaching 25 trillion cubic feet per year and annual decline rates are in excess of 20 percent for both existing producing gas wells and new wells. Consequently, there is an expectation that the gas industry must continue aggressive drilling programs to maintain current supply.

The Ladyfern discovery is the largest gas discovery in western Canada in over 20 years. Since the original discovery in 2000, the gas industry has renewed the search for gas in northeastern British Columbia. This is generating significant business opportunities for Mullen's Oilfield Services division in the transportation of drilling rigs, heavy equipment and compressor stations. The long-term outlook for natural gas demand is encouraging and is providing tremendous opportunity to companies engaged in the exploration and development of North America's natural gas reserves. Mullen has terminal facilities strategically located in one of the hottest areas in western Canada and northeastern British Columbia.

*Active Mullen Companies:*
*Premay Equipment Ltd.; FSJ L.A.N.D. Transport Ltd.; Mullen Trucking Inc. – Oilfield Services; Grimshaw Trucking Ltd.; Cascade Carriers Ltd.*





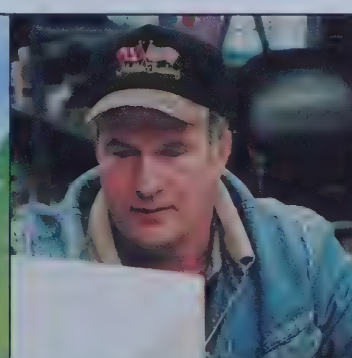
## Nunavut/NWT (Diamond Capital of North America)

The vast region extending north of Yellowknife and into the new territory of Nunavut has long been known for gold mining operations. Since then, several companies have vaulted the Northwest Territories into the top 10 rough diamond producers in the world in 2001 with estimated reserves valued around $35 billion at current prices.

Mullen Trucking used its logistical and technological capabilities to help manage the mammoth $1.3 billion Diavik project's transportation needs. Material for the new mine-site was sourced from Alberta and many other points in North America, then hauled and stockpiled at a staging area in Yellowknife while the contractor, Nuna Logistics built the ice road (an annual event).

There are a number of challenges to supplying the north. There is no bridge over the Mackenzie River and drivers must rely on the ferry or the winter road to cross. There is a month-long period in spring and fall, during break-up and freeze-up, when vehicles cannot cross the River. The Lupin ice road, which begins 70 kilometers north of Yellowknife at Tibbitt Lake, winds its way across 567 kilometers of inhospitable landscape before arriving at the Echo Bay mine.The road is the supply artery for the Lupin, Ekati, Diavik and Snap Lake mining projects, over which an estimated 4,000 truck loads move each winter within a 60-75 day window, depending on weather conditions. The volume of freight on the Lupin road doubled in 2001 to 8,090 loads weighing 245,586 tons, half of which was delivered to the Diavik construction site.

*Active Mullen Companies:*
*Mullen Trucking Inc. – Truckload; Grimshaw Trucking Ltd.*


## Mackenzie Delta (Remote Natural Gas)

The most northern part of Canada is believed to contain nine trillion cubic feet of natural gas. Today, the search continues to prove out the extent of the reserves and to determine the economic viability of developing the infrastructure required to bring the gas to market.

The challenges in this remote and undeveloped area are enormous. There is virtually no infrastructure in this part of the world to support the projected investments. There are weather-related issues, limited roads and a very small population base. To Mullen, all this means opportunity for our business units that have experience working in these conditions. We have specialized equipment designed to operate in the harsh climates. And we have partnership relationships with the Inuvialuit which promote and encourage strong business ties that benefit local businesses and people.

Today, Mullen is moving drilling rigs and providing support services in the Delta for companies such as Devon Exploration, Petro-Canada and Chevron. In the mid to longer term, facilities, plants and pipeline companies will build pipelines to move the produced gas to the consuming regions in Canada and the U.S.

*Active Mullen Companies:*
*Mullen Trucking Inc. – Oilfield Services;*
*Mullen Trucking Inc. – Truckload; Grimshaw Trucking Ltd.;*
*Premay Equipment Ltd.; Premay Pipeline Hauling Ltd.*

Management's Discussion and Analysis

# Maintaining Profitability

The management's discussion and analysis contains information relating to the performance of the Company in 2001. The operating review and financial statements included in the annual report also provide additional valuable information, which supplements this discussion.

Mullen is unique in that it is more than just a transportation company. It is both a transportation company and an oilfield services company, and as such its business is split into two segments – Oilfield Services and Trucking – with each segment differentiated by the services provided and equipment utilized. This diversification strategy, combined with the philosophy of maintaining low debt and a strong balance sheet, has enabled the Company to provide superior returns and to take advantage of growth opportunities.

In the 2000 annual report we discussed the proposed split-off of our Logistics and e-Business segment. We also stated that oil and gas drilling would remain at a high level, and that Mullen would benefit from a strong Alberta economy and expanding resource development in northern Canada. We also noted that the slowdown in the Canadian and U.S. economies would be detrimental to our eastern-based subsidiaries, the Mill Creek Group of Companies. Our 2001 operating results closely reflect what we had anticipated.

For comparative purposes, 2000 and 2001 operating results have been restated to properly account for the split-off of Moveitonline Inc., as a discontinued operation on June 1, 2001. As it is the continuing operations which are most applicable to existing and future shareholders, most of the discussion and analysis focuses on continuing operations. On a segmented basis, revenues in the Oilfield Services segment increased to 44.4 percent of pre-consolidated revenue (which is revenue prior to intersegment eliminations), due to the combination of revenue growth in the segment and a decline in revenues in the Trucking segment. Oilfield Services benefited from including E-Can Oilfield Services for twelve months versus four months in 2000, by increased drilling activity in western Canada, and from continued expansion of the Company's northern initiatives. The Trucking segment declined to 55.6 percent of pre-consolidated revenue, as the impact of the economic slowdown in Canada and the U.S. adversely affected the Mill Creek operations. This decline was only partly offset by the improved revenues of other companies in the Trucking segment.

## Financial Highlights

| **Continuing Operations** ($ millions except per share amounts) | **2001** | 2000 | % Change |
|---|---|---|---|
| Revenue – consolidated | $ **349.6** | 322.3 | 8.5 |
| Direct operating expenses | **246.5** | 230.1 | 7.1 |
| Selling and administrative expenses | **37.8** | 34.8 | 8.6 |
| Operating income | **65.3** | 57.5 | 13.6 |
| Net income | **30.5** | 28.1 | 8.5 |
| Earnings per share from continuing operations | $ **2.13** | 2.05 | 3.9 |
| Net income – discontinued operations | **0.2** | 2.7 | N/A |
| Total net income | **30.7** | 30.8 | (0.3) |
| Funds from operations | **45.4** | 37.8 | 20.1 |
| Funds from operations per share | $ **3.17** | 2.75 | 15.3 |

### Consolidated Revenue (continuing operations)

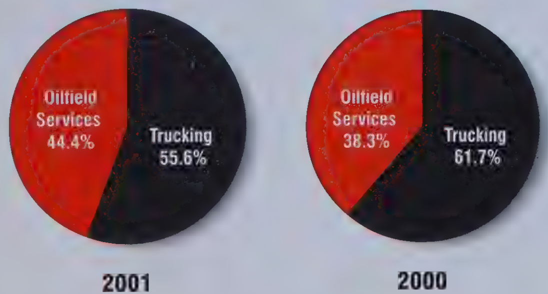
Consolidated revenue from continuing operations increased by 8.5 percent to $349.6 million from $322.3 million in 2000. The $27.3 million increase was mainly due to Oilfield Services, which increased by $32.2 million (due to E-Can Oilfield Services increasing by $25.8 million to reflect the inclusion of a full year of operations), offset by a $4.4 million decrease in Trucking revenue. Our continued emphasis on developing the Oilfield Services increased revenue for the segment to 44.4 percent of the pre-consolidated segmented revenue as compared to 38.3 percent in 2000.

### Direct Operating Costs (continuing operations)

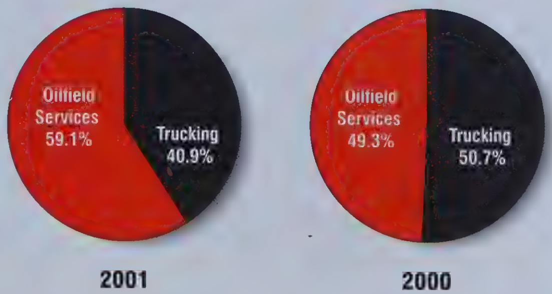
Direct operating costs, which includes costs of subcontractors (transportation companies hired to handle specific movements of freight), owner-operators (who have their own tractors and who work exclusively for Mullen), and operating costs for company owned or leased vehicles, increased by $16.4 million to $246.5 million from the prior year's $230.1 million. These costs were 70.5 percent of revenue versus 71.4 percent in 2000, reflecting the greater impact on revenue by Oilfield Services which traditionally has higher margins, and to the Company's commitment to controlling costs.

**Segmented Revenue** (continuing operations)

(pre-consolidated)




**Operating Income** (continuing operations)



### Selling and Administrative Expenses (continuing operations)

Selling and administrative expenses increased by $3.0 million or 8.6 percent to $37.8 million, from $34.8 million, which is proportional to the 8.5 percent increase in revenue. The expenses represented as a percent of revenue were 10.8 percent in both 2001 and 2000.

Of the $3.0 million increase, $2.8 million was due to including E-Can for a full year, as compared to only four months in 2000. The remaining increase reflects a higher employee profit share amount in the Oilfield Services segment, which was partly offset by a lower profit share in the Trucking segment.

### Operating Income (continuing operations)

Operating income, which is net income before interest, income taxes, depreciation and amortization, and gains or losses on the sale of fixed assets, increased by $7.8 million, or 13.6 percent, to $65.3 million from $57.5 million. Oilfield Services contributed $9.9 million of the increase, the Trucking segment decreased by $2.8 million, and Head Office contributed $0.7 million. Represented as a percentage of revenue, operating income improved to 18.7 percent from 17.8 percent in 2000.

### Net Income (continuing operations)

Net income increased by 8.5 percent to $30.5 million from $28.1 million in 2000. The increase is attributed to additional income earned from the increase in revenue, an increase in earnings from equity investments (Payne Transportation Inc. and Beaufort Oilfield Supply Services), and lower tax rates in 2001 as compared to 2000. In both 2001 and 2000 the Company benefitted from adjustments to future income taxes due to changes in enacted income tax rates. The chart below shows the effect of these adjustments:

| $ thousands | 2001 | 2000 | % Change |
|---|---|---|---|
| Net income (from continuing operations) after income tax | 30,510 | 28,112 | 8.5% |
| Future income tax adjustments | (1,159) | (3,850) | (69.9) |
| (due to new enacted tax rate changes) | | | |
| Net income before future income tax adjustments | 29,351 | 24,262 | 21.0% |

In terms of discontinued operations, which is a result of the split-off of Moveitonline Inc. as of June 1, 2001, the Company earned $0.2 million of income in 2001, $0.6 million less the after tax loss on disposal of $0.4 million, resulting in a total net income of $30.7 million or $2.14 per share for the year. The reduction in future income taxes contributed $0.08 per share. In 2000, the discontinued operations contributed $2.7 million for the full year, which resulted in total net income of $30.8 million or $2.24 per share, which included $0.28 per share of future income tax adjustments.

### Corporate Results (Continuing Operations)


**Direct Operating Expenses**
(% of Revenue)


**Selling and Administrative Expenses**
(% of Revenue)


**Net Income**
(% of Revenue)

*2000 & 2001 figures have been restated to account for discontinued operations.*

## Oilfield Services Segment

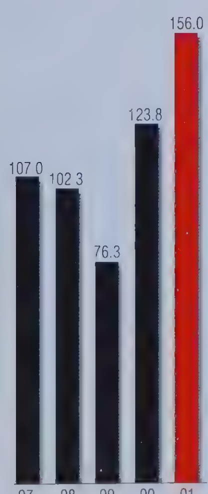
- E-Can Oilfield Services
- McGinnis Rat Hole Drilling Co. Ltd
- FSJ L.A.N.D Transport Ltd.
- Mullen Trucking Inc. – Oilfield Services
- Premay Equipment Ltd.
- Premay Pipeline Hauling Ltd.

This segment has diverse operations that are all related to the oil and gas industry. E-Can Oilfield Services uses specialized equipment to assist in the pumping, hauling and disposal of fluids associated with the processing and production of heavy oil. McGinnis Rat Hole sets conductor pipe on wells in western Canada prior to the drilling rig being moved onto the lease location. FSJ L.A.N.D. and Mullen Trucking Inc. are in the business of oilfield trucking and drilling rig relocation, which includes dismantling, hauling and rigging up drilling rigs. These companies work in western and northern Canada. Premay Equipment transports oversize and overweight modules, vessels, equipment and machinery for clients in the engineering, procurement, construction, mining and oil and gas related industries. In 2001, a substantial volume of work related to the expansion of oil sands plants. Premay Pipeline provides large diameter pipeline services to the oil and gas industry, which include hauling, stock piling and stringing of oil and gas transmission pipe throughout Canada. The range of services provided by this segment helps to stabilize revenues as the cyclical peaks of each service varies from year to year.

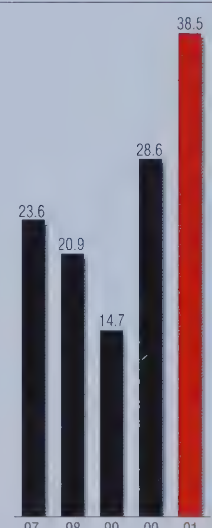
### Revenue

Revenue in the Oilfield Services segment increased by 26.0 percent, or $32.2 million, to $156.0 million, from the prior year's $123.8 million. The increase was mainly due to the inclusion of E-Can Oilfield Services for a full year, (which provided an additional $25.8 million of revenue) versus only four months in 2000. Rig moving revenue also increased 11.8 percent, reflecting higher drilling activity (wells completed increased 8.8 percent to 17,933 from 16,485 in 2000), and the effect of more rig moves into the Mackenzie Delta area. Premay Equipment also had a 4.3 percent increase in revenue, reflecting services provided to major capital projects in Alberta. McGinnis Rat Hole and Premay Pipeline had small declines in revenue due to lower demand for their services.

### Oilfield Services Segment




**Oilfield Sevices**
Revenue ($ millions)




**Oilfield Services**
Operating Income ($ millions)


**Oilfield Services**
Operating Income as a % of Revenue

### Operating Expenses
Operating expenses, which include direct operating expenses and selling and administrative expenses, increased by 23.4 percent to $117.5 million from $95.2 million. The $22.3 million increase (mostly due to including E-Can for a full year) is directly related to the $32.2 million increase in revenue. Direct operating expenses, which includes costs for subcontractors and owner-operators, and operating costs for company owned and leased equipment, increased to $99.8 million from $82.3 million. Gross margins, (revenue less direct operating expenses), increased to 36.0 percent of revenue from 33.5 percent in 2000. The improved margin reflects better equipment utilization, higher pricing due to the high demand for services, and higher margins associated with the revenues generated in the northern operations. Labour cost increases were offset by lower fuel, repair and maintenance costs.

### Selling and Administrative Expenses
Selling and administrative expenses increased to $17.7 million from $12.9 million and were 11.3 percent of revenue in 2001 versus 10.4 percent in 2000. The increase was primarily due to an additional $2.3 million of administrative costs in E-Can, reflecting costs for a full year versus four months, and an $1.8 million increase in profit share, due to higher returns on invested capital in this segment.

### Operating Income
Operating income improved to $38.5 million, or 24.7 percent of revenue, compared to $28.6 million, or 23.1 percent of revenue, in 2000, reflecting the increases in revenue and gross margin improvement.

### Capital Expenditures
Due to the requirements of the oil and gas services industry, the Company invests considerable capital on specialized equipment. The investments are made to ensure the Company maintains its competitive position and to facilitate growth initiatives in the Oilfield Services segment.

In 2001, $13.2 million in capital expenditures, less proceeds of dispositions, was invested in the Oilfield Services segment, of which $10.8 million was committed to operating equipment. The majority of the capital was used to upgrade oilfield trucks in the rig moving business of Mullen Trucking, two new rotary drill rigs for McGinnis Rat Hole, two new coiled tubing drilling units for E-Can Oilfield Services and specialized trucks and trailers designed to transport overweight loads for Premay Equipment. The year-over-year increase was 85.9 percent.

## Trucking Segment

- Cascade Carriers Ltd.
- Grimshaw Trucking Ltd.
- Mill Creek Equipment Ltd.
- Mill Creek Motor Freight Inc.
- Mullen Trucking Inc. – Truckload

The Trucking segment is diversified both geographically and in types of service. Cascade Carriers provides a dry bulk transportation service for the construction, building, and oil and gas industries, primarily in Alberta. It also transports anhydrous ammonia and liquid petroleum gas, using specialized trailers, as a service to the construction, farming and oil and gas industries. Grimshaw Trucking primarily provides scheduled, less-than-truckload service to nearly 200 towns and cities in western Canada and the Northwest Territories. Mill Creek, located in Cambridge, Ontario, and its subsidiary Mill Creek Motor Freight, located in Holland, Michigan, provide a truckload and less-than-truckload highway van service throughout Canada, the continental U.S. and Mexico. Mill Creek transports a wide variety of commodities including electronic goods, office furniture and other higher valued items. Mullen Trucking Inc. – Truckload, based in Aldersyde, Alberta, provides an irregular-route truckload and less-than-truckload service throughout Canada and the continental U.S. It moves a variety of products including general freight, oilfield products, lumber and building materials, construction equipment (such as bulldozers and graders) and steel products, using a wide variety of trailers. The geographic diversity of these businesses and the diversity of products transported, also provide overall stability to the Trucking segment.

### Revenue
Trucking segment revenue decreased by $4.4 million, to $195.2 million from $199.6 million, in 2000. The decrease was due to a sharp decline in revenues at Mill Creek. The decline was mitigated somewhat by increases at Mullen Trucking Inc. and Grimshaw Trucking Ltd., both of which benefitted from the stronger Alberta economy, the increased demand for freight required in the construction of

capital projects, and the increased demand for freight in northern Canada. Mill Creek, which is based in Cambridge, Ontario, and its subsidiary in Holland, Michigan, were more impacted by the economic slowdown than the segment's other western-based companies. Mill Creek is a van freight business that moves products such as office furniture and more valuable electronic goods, such as computers and office equipment. Shipments of these products declined substantially, which adversely affected Mill Creek, causing its revenue to decline by 11.6 percent year-over-year. Cascade Carriers' revenue remained constant year-over-year.

## Operating Expenses

Direct operating expenses were $148.4 million, or 76.0 percent of revenue, in 2001 compared to $149.1 million, or 74.7 percent of revenue, in 2001. There was a gradual shift during the year to using more owner-operators or subcontractors, which provides higher margins in a slower economy than company-owned or leased equipment. For the year, payments to owner-operators and subcontractors were $73.5 million, or 37.7 percent of revenue, as compared to $67.7 million, or 33.9 percent, in 2000. Most of this shift occurred in the Mill Creek and Mullen Trucking operations in anticipation of the changing economic environment. In 2000, we advised that Mill Creek was being adversely impacted by higher costs on Company owned and operated vehicles. Mill Creek's shift to more owner-operators and subcontractors helped mitigate the effects of lower revenue. The Company was able to maintain the margins on contract revenue at approximately 25 percent. Total expenses related to the operation of Company operated trucks were lower in 2001 as compared to 2000, $74.9 million and $81.4 million respectively as a result of the reduced number of Company trucks operated. However, competitive pricing pressures and higher variable costs adversely affected margins on Company operated trucks, declining to 21.8 percent as compared to 24.7 percent in 2000.

## Selling and Administrative Expenses

Selling and administrative expenses decreased to $20.2 million, or 10.3 percent of revenue, from $21.0 million, or 10.5 percent of revenue. The decrease was primarily due to the decline in the profit share, in the Mill Creek and Cascade Carriers operations, which reflected the lower return on invested capital.

## Operating Income

Operating income declined to $26.6 million, or 13.6 percent of revenue, compared to $29.4 million, or 14.7 percent of revenue, in 2000. The percent decline was due to lower margins on revenue generated by Company owned equipment, pricing pressures and reduced utilization of equipment.

**Trucking Segment**

### Capital Expenditures

In spite of the increased use of owner-operators and subcontractors, net capital expenditures increased to $4.2 million from $0.8 million in 2000. The main contributors to the increase were Grimshaw Trucking and Cascade Carriers, which upgraded their main terminal facilities and purchased new equipment, and Mill Creek, which purchased a number of leased trucks when the operating leases expired. This contrasted to 2000 when Mill Creek sold more assets than it bought. The 2001 initiative enabled Mill Creek to keep the equipment, bought at a competitive price, rather than leasing new equipment at a high cost. This resulted in higher repairs during the year, as the equipment was older, but the savings in lease payments was greater, thus reducing costs overall and mitigating the reduction in income. This was also in line with the plan to reduce reliance on company-owned or leased equipment as some of the leased trucks were returned to the truck dealers. Throughout the year the Company increased their reliance on owner-operators and subcontractors.

## Corporate

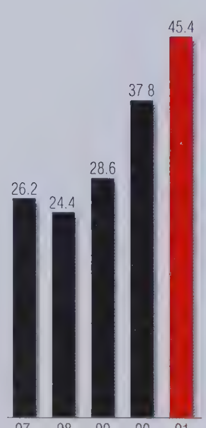
### Capital and Liquidity

Funds from continuing operations increased by 20.1 percent to $45.4 million, from $37.8 million. On a per share basis, funds from operations increased to $3.17 per share from $2.75. The funds generated from operations were supplemented by $6.1 million of cash raised by employees who exercised stock options, resulting in total cash of $51.5 million being generated. The cash was used for the following: to finance $4.3 million of non-cash working capital items; to repay $3.4 million in long-term debt; to purchase net fixed assets of $17.5 million; to make an equity investment of $5.5 million in a company that owned an accommodation camp in the Northwest Territories and to make a required additional payment of $1.0 million for the 2000 E-Can acquisition. In addition, the Company paid out $5.7 million in dividends during the year. These expenditures, less another $0.6 million net for miscellaneous items, totalled $36.8 million, which left a cash increase of $14.7 million.

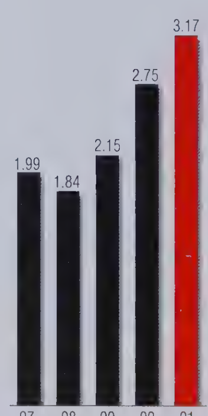
When splitting off from Mullen, the Logistics segment, Moveitonline, took $1.5 million in cash, which left a net increase in cash of $13.2 million. This resulted in a cash balance of $14.3 million, versus $1.1 million at December 31, 2000.

Discretionary cash flow from continuing operations, or funds from operations after net capital expenditures, declined to $27.9 million, or $1.95 per share, from $29.6 million, or $2.15 per share. This result reflected the large increase in net capital expenditures, to $17.5 million from the prior year's $8.2 million.

## Corporate Results

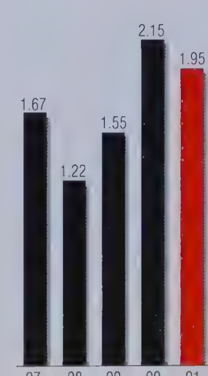



**Funds from Operations**
($ millions)




**Funds from Operations**
($ per share)


**Discretionary Funds**
from Operations
($ millions)




**Discretionary Funds**
from Operations
($ per share)

*2000 & 2001 figures have been restated to account for discontinued operations.*

### Long-term Debt

The Company's strategy of maintaining a strong balance sheet and low debt resulted in long-term debt of $1.0 million at December 31, 2001, all of which is due by August 2002. During 2001, debt was repaid prior to maturity dates resulting in debt repayments of $3.4 million, whereas the requirement was to only pay $2.2 million. Due to the nature and terms of the remaining debt, it will be paid at maturity.

### Capital Expenditures

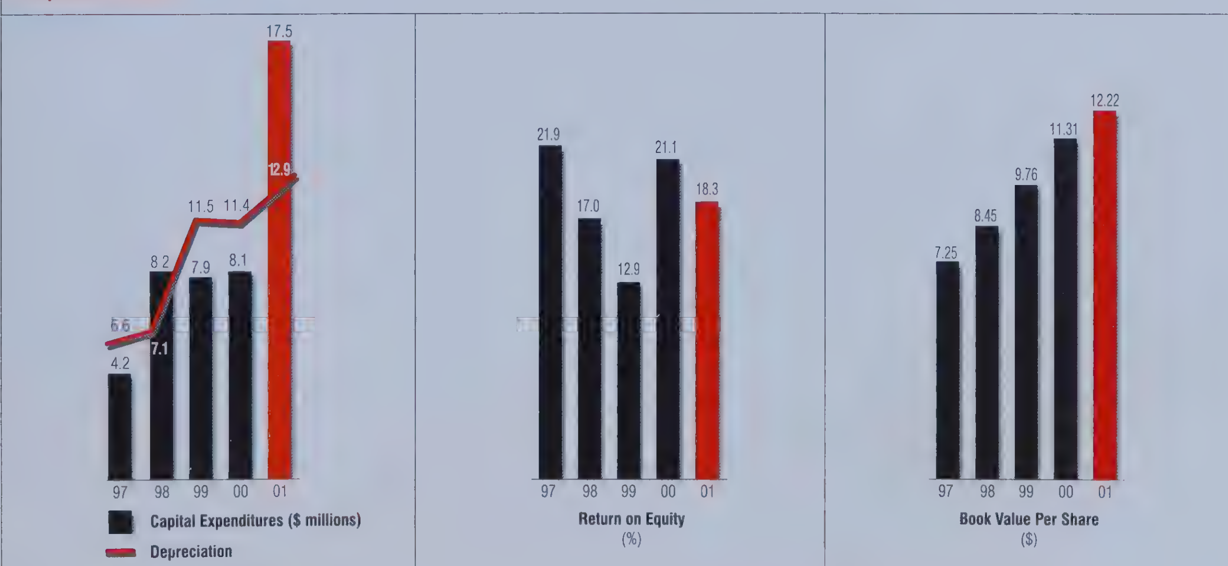
During the year, the Company's net capital expenditures were $17.5 million. Actual additions were $23.3 million, and proceeds on sale of fixed assets were $5.8 million. The net capital expenditures were for $1.7 million in buildings, $14.1 million for trucks, trailers and shop equipment, and $1.7 million for technology upgrades and office equipment. On a segmented basis the Oilfield Services and Trucking segments had $13.2 million and $4.2 million of net capital expenditures respectively. The Company expects that over a period of years net capital expenditures should approximate depreciation in order to sustain each business unit. Over the last five years total net capital expenditures were $45.9 million, whereas depreciation was $49.5 million. The variance of $3.6 million is due to the strategy of outsourcing services where possible, including the increased use of owner-operators and subcontractors, and the fact that depreciated buildings do not need to be replaced.

### Shareholders' Equity

Share capital increased by $6.1 million, reflecting the issue of 431,650 shares for employees who exercised stock options at an average price of $14.02. The number of stock options outstanding has decreased from 1,116,850 to 700,200 at the end of the year. The exercise price of all the stock options outstanding on June 15, 2001 was reduced by $3.80 to reflect the decline in share value following the June 1, 2001 split-off of Moveitonline to comply with the terms of the Plan of Arrangement. Common shares outstanding increased to 14.4 million from 14.0 million.

Retained earnings increased from $108.1 million to $119.6 million, reflecting net income of $30.7 million, dividends of $5.8 million ($0.20 per share to shareholders at June 30, 2001 and December 30, 2001) and the split-off of Moveitonline, which in essence was a deemed dividend of $13.3 million, which was the equity of Moveitonline at the time of the split-off.

### Corporate Results



Return on equity declined to 18.3 percent from 21.1 percent, even though net income was only $0.1 million lower. The decline was due to higher average equity, with no increase in earnings or debt leveraging. Book value per share increased to $12.22 from $11.31. The $0.91 increase in book value per share reflects the effect of $6.1 million of new share capital, earnings per share of $2.14, less dividends of $0.40 per share, and the $13.3 million distribution relating to the split-off of Moveitonline.

### Acquisitions and Equity Investments

During the year the Company paid $1.0 million to the former shareholders of E-Can Oilfield Services, as per the performance criteria set out in the purchase/sale agreement dated August 2000. The Company also purchased 49 percent of Beaufort Oilfield Support Services Ltd., which owns an accommodation camp in the Mackenzie Delta, for $5.5 million. Mullen, which intends to be a major participant in the development of Canada's north, has accounted for this investment by equity-based accounting. The camp is currently being used by a major oil company, which is doing seismic and drilling in the Delta, and provides a base of operations for rig moving in the Delta.

### Business Risks

The Company is subject to certain economic risks, including either a downturn in the general economy or a slowdown in oil and gas exploration and production activity. As we previously stated, Mullen manages the risk by maintaining a strong balance sheet. This helps to avoid high interest or debt repayments during times of reduced cash flow, which allows the Company to survive a downturn in the economy. The Company also has a low fixed cost structure and diverse operations, which provide stability during a downturn. This was clearly demonstrated in 2001, when the Trucking segment – especially the eastern Canadian and U.S. operations – experienced lower revenue, operating income and net income, while the Oilfield Services segment increased its revenue, operating income and net income. Mullen has diversified operations within each business segment, which also reduces the risk associated with a slowdown in any particular area.

Mullen has some foreign exchange risk. A stronger Canadian dollar would be detrimental since the Company generates surplus U.S. cash. Operations are structured to minimize the effect of a strengthening Canadian dollar.

Interest rate fluctuations pose a risk for most companies, including Mullen. Although rising interest rates could slow the economy and adversely affect business, Mullen's cash surplus can generate higher interest income to partially offset the business loss.

The Company is at risk of labour disruption in those business units that are subject to the terms of collective agreements. Currently four of our business units have negotiated labour contracts, which expire at various times. Mullen believes the business units have established strong working relationships with their employees.

All freight and transportation companies have risk of claims for freight cargo, property damage or personal liability. The Company manages the risk by utilizing high recruiting standards, maintaining high safety standards, effective equipment maintenance programs, and securing insurance coverages that protect the Company in the event of significant losses.

### Outlook

The Company has just finished an excellent year. However, the last half of 2001 reflected the decline in the general economy and a slowdown in oil and gas drilling activity driven by sharply lower oil and natural gas prices. These declines will adversely affect our business in 2002, although the Company is well positioned to survive the slowdown and perhaps be able to capitalize on new opportunities. We expect our business in the first half of 2002 to be slower than the first half of 2001, before rebounding in the second half of the year as the economy strengthens. Mullen will benefit from the strong Alberta economy, which will be driven by moderate oil and gas drilling activity and the continuation of major capital projects. We will also continue to expand our business that relates to the development of Canada's northern resources.

Mullen will also benefit from a number of regulatory changes. Federal and provincial income tax rates are expected to decline to less than 38 percent in 2002, compared to 42 percent in 2001. Effective January 1, 2002, goodwill will no longer be allowed to be amortized. Although the new goodwill accounting rules will not affect cash, they will increase net income and earnings per share. The new goodwill rules will also require the Company to evaluate goodwill under different criteria, which could result in an adjustment to retained earnings effective January 1, 2002 and reductions to earnings in future years if goodwill is impaired. At this time the existing goodwill has not been evaluated under the new rules.

Although we are less optimistic about 2002 than we were about 2001, we believe that it will be a period of opportunity and that the short-term slowdown will be beneficial in the longer term, as the excess capacity in the trucking industry declines and the current oil and gas prices rebound. With $14.3 million in cash, $40.9 million in working capital, virtually no debt and strong cash flow, Mullen is well positioned to handle the temporary slowdown and to benefit from any near-term recovery.

# Management's Report to the Shareholders

The accompanying consolidated financial statements of Mullen Transportation Inc. have been approved by the Board of Directors and have been prepared in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in this report has been reviewed to ensure consistency with these financial statements. All information, including financial, in the annual report is the responsibility of management.

Management maintains accounting control systems designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, financial records are accurately maintained and statements are generated in a timely manner.

The Board of Directors and management have established corporate governance practices that are consistent with guidelines set out in the report issued by The Toronto Stock Exchange Committee on Corporate Governance in Canada.

The Board of Directors oversees the management of the business and the affairs for the Company including ensuring management fulfills its responsibility for financial reporting, and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors, comprised of three members considered to be "outside" and "unrelated" directors, has reviewed the financial statements with management and the external auditors. An independent firm of chartered accountants, appointed as external auditors by the shareholders, has audited the consolidated financial statements and its report is included herein.

Murray K. Mullen

Chairman, President and
Chief Executive Officer

David E. Olson

Vice-President, Finance and
Chief Financial Officer

## Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Mullen Transportation Inc. as at December 31, 2001 and 2000 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Calgary, Canada

February 15, 2002

# Consolidated Balance Sheets

December 31, 2001 and 2000
(in thousands of dollars)

| | 2001 | 2000 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 14,336 | $ 1,112 |
| Accounts receivable | 49,528 | 69,379 |
| Prepaid expenses | 6,669 | 6,029 |
| | 70,533 | 76,520 |
| Investments (note 4) | 9,949 | 4,611 |
| Fixed assets (note 5) | 116,769 | 111,615 |
| Other assets | 1,445 | 2,496 |
| Goodwill | 32,841 | 33,757 |
| | $ 231,537 | $ 228,999 |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities: | | |
| Dividends payable | $ 2,889 | $ 2,802 |
| Accounts payable and accrued liabilities | 24,456 | 31,733 |
| Income taxes payable | 1,261 | 7,097 |
| Current portion of long-term debt (note 7) | 1,038 | 2,163 |
| | 29,644 | 43,795 |
| Long-term debt (note 7) | – | 2,111 |
| Future income taxes (note 8) | 25,373 | 24,558 |
| Shareholders' equity: | | |
| Share capital (note 9) | 56,632 | 50,580 |
| Retained earnings | 119,633 | 108,055 |
| Currency translation adjustment | 255 | (100) |
| | 176,520 | 158,535 |
| | $ 231,537 | $ 228,999 |

See accompanying notes to consolidated financial statements.

Approved by the Directors:

Director

Director and Chairman of the Audit Committee

# Consolidated Statements of Income

Years ended December 31, 2001 and 2000
(in thousands of dollars)

| | 2001 | 2000 |
|---|---|---|
| | | (restated – note 13) |
| Revenue | $ 349,582 | $ 322,330 |
| Expenses | | |
| Direct operating | 246,534 | 230,090 |
| Selling and administrative | 37,794 | 34,788 |
| Operating income | 65,254 | 57,452 |
| Depreciation | 12,937 | 11,362 |
| Interest on long-term debt | 158 | 460 |
| Other interest | 44 | 44 |
| Gain on sale of fixed assets | (325) | (508) |
| Income before income taxes, earnings from equity investments and amortization of goodwill | 52,440 | 46,094 |
| Provision for income taxes (note 8): | | |
| Current | 19,624 | 19,179 |
| Future | 745 | (2,554) |
| | 20,369 | 16,625 |
| Income before earnings from equity investments and amortization of goodwill | 32,071 | 29,469 |
| Earnings from equity investments | 479 | 42 |
| Net income before amortization of goodwill | 32,550 | 29,511 |
| Amortization of goodwill (note 1(d)) | 2,040 | 1,399 |
| Net income from continuing operations | 30,510 | 28,112 |
| Net income from discontinued operations (note 13) | 169 | 2,659 |
| Net income | $ 30,679 | $ 30,771 |
| **Earnings per share:** | | |
| Earnings per share from continuing operations before amortization of goodwill | $ 2.28 | $ 2.15 |
| Earnings per share from continuing operations | $ 2.13 | $ 2.05 |
| Earnings per share before amortization of goodwill | $ 2.29 | $ 2.34 |
| Earnings per share | $ 2.14 | $ 2.24 |
| **Diluted earnings per share:** | | |
| Diluted earnings per share from continuing operations before amortization of goodwill | $ 2.21 | $ 2.09 |
| Diluted earnings per share from continuing operations | $ 2.07 | $ 1.99 |
| Diluted earnings per share before amortization of goodwill | $ 2.22 | $ 2.28 |
| Diluted earnings per share | $ 2.08 | $ 2.18 |

See accompanying notes to consolidated financial statements.

# Consolidated Statement of Retained Earnings

Years ended December 31, 2001 and 2000
(in thousands of dollars)

| | 2001 | 2000 |
|---|---|---|
| Retained earnings, beginning of year | **$ 108,055** | $ 91,325 |
| Adjustment on adoption of liability method of accounting for income taxes (note 2(a)) | **–** | (5,891) |
| Net income | **30,679** | 30,771 |
| Split-off of Moveitonline (note 13) | **(13,328)** | – |
| Dividends | **(5,773)** | (5,541) |
| Repurchase of common shares | **–** | (2,609) |
| Retained earnings, end of year | **$ 119,633** | $ 108,055 |

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Cash Flow

Years ended December 31, 2001 and 2000
(in thousands of dollars)

| | 2001 | 2000 |
|---|---|---|
| | | (restated – note 13) |
| Cash provided by (used in): | | |
| Operations: | | |
| Net income from continuing operations | $ 30,510 | $ 28,112 |
| Items not involving cash: | | |
| Depreciation and amortization | 14,977 | 12,761 |
| Gain on sale of fixed assets | (325) | (508) |
| Future income taxes | 745 | (2,554) |
| Earnings from equity investments | (479) | (42) |
| Funds provided from operations | 45,428 | 37,769 |
| Changes in non-cash working capital items | (4,338) | (4,359) |
| | 41,090 | 33,410 |
| Financing activities: | | |
| Repayment of long-term debt | (3,375) | (4,535) |
| Repurchase of common shares | – | (3,116) |
| Net proceeds of common share issues | 6,052 | 3,006 |
| Dividends paid | (5,686) | (2,739) |
| | (3,009) | (7,384) |
| Investing activities: | | |
| Fixed asset additions | (23,284) | (12,089) |
| Equity investment | (5,533) | (500) |
| Acquisitions | (1,000) | (11,436) |
| Proceeds on sale of fixed assets | 5,745 | 3,905 |
| Cash distribution from equity investee | 300 | – |
| Other assets | 66 | (2,337) |
| | (23,706) | (22,457) |
| Cash generated by continuing operations | 14,375 | 3,569 |
| Cash generated by (used in) discontinued operations (note 13) | 308 | (10,220) |
| Increase (decrease) in cash | 14,683 | (6,651) |
| Cash, beginning of year | 1,112 | 7,763 |
| Split-off of Moveitonline (note 13) | (1,459) | – |
| Cash, end of year | $ 14,336 | $ 1,112 |
| Supplemental cash flow information: | | |
| Interest paid | 202 | 504 |
| Income taxes paid | 23,520 | 13,318 |

See accompanying notes to consolidated financial statements.

Years ended December 31, 2001 and 2000
(Tabular amounts stated in thousands of dollars)

## 1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements include the accounts of Mullen Transportation Inc. (the "Company") and subsidiaries, all of which are wholly-owned.

As discussed in note 13, the Company disposed of its subsidiary, Moveitonline Inc. on June 1, 2001. In accordance with Section 3475 of the Canadian Institute of Chartered Accountants Handbook, "Discontinued Operations", the results of operations have been presented as a discontinued business segment.

(b) Investments:

Investments in affiliates over which the Company has significant influence are accounted for using the equity method.

Other investments are carried at cost. If management determines there is a permanent decline in value, these investments will be written down to net realizable value.

(c) Fixed assets and depreciation:

Fixed assets are recorded at cost. Depreciation on additions and disposals is prorated from the month of purchase or disposal. Depreciation is provided annually over the estimated useful lives of the assets on the diminishing balance basis at the following rates:

| | |
|---|---|
| Buildings | 2.5 – 8% |
| Trucks and trailers | 10 – 20% |
| Equipment, furniture and fixtures | 20% |
| Automobiles, computer equipment and computer software | 30 – 50% |
| Satellite communications equipment | 20% |

Specialized tracked vehicles are depreciated on an hourly usage basis.

(d) Goodwill:

Goodwill represents amounts paid on the acquisition of businesses in excess of the value assigned to identifiable net assets acquired and is amortized on a straight-line basis over twenty years from the acquisition date. The value of goodwill is periodically evaluated throughout the year by management and where there is considered to be an impairment in the estimated net recoverable amount of the goodwill, based upon expected undiscounted future cash flows, the goodwill is written down to its estimated value. Accumulated amortization at December 31, 2001 amounts to $4,756,000 (2000 – $2,716,000).

(e) Income taxes:

The Company follows the asset and liability method whereby income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets or liabilities and their tax bases. Future income tax assets and liabilities are determined for each temporary difference based on the tax rates which are expected to be in effect when the underlying items of income and expense are expected to be realized.

## 1. Significant accounting policies (continued):

(f) Stock-based compensation plans:

The Company has a stock-based compensation plan, which is described in Note 9(c). No compensation expense is recognized for this plan when stock or stock options are issued to employees. Consideration paid by employees on exercise of stock options is credited to share capital.

(g) Foreign currency:

The Company's United States subsidiary is considered self-sustaining and its financial statements are translated into Canadian dollars using the current rate method. Under this method, assets and liabilities are translated at year-end exchange rates and items included in the statements of operations are translated at weighted average rates. The resulting translation gains and losses are deferred as a separate component of shareholders' equity until there is a realized reduction in the net investment.

(h) Comparative information:

Certain comparative financial information has been reclassified to conform to the current financial statement presentation.

## 2. Change in accounting policy:

(a) Future income taxes:

Effective January 1, 2000, the Company adopted the liability method of accounting for future income taxes. Previously, income tax expense was determined using the deferral method. The Company has adopted the new income tax accounting standard retroactively, without restating the financial statements of any prior periods. As a result, the Company recorded a decrease to retained earnings of $5,891,000 and an increase to the future tax liability, formerly the deferred tax liability, of $5,891,000 as at January 1, 2000.

(b) Earnings per share:

Effective for 2000, the Company adopted the treasury stock method for the calculation of diluted earnings per share under which deemed proceeds of the exercise of options are considered to be used to re-acquire common shares at an average share price. Previously, additional earnings were imputed based on the proceeds resulting from the exercise of options.

## 3. Acquisitions:

(a) On April 6, 2001 the Company acquired 49 percent of the issued and outstanding shares of an Inuvialuit owned and operated accommodation camp based in the Northwest Territories for consideration of $5,533,000. The camp is situated on land leased from the government, and any site restoration costs arising at the end of the lease are undeterminable as at December 31, 2001. The acquisition has been accounted for by the equity method, with the excess of the purchase price paid over the underlying net book value of assets acquired of $4.9 million allocated amongst the underlying fixed assets, future tax liabilities and goodwill. These amounts will be amortized over the life of the underlying asset, or as the liability is re-valued on an annual basis. The Company included in its 2001 net income, $223,000 of earnings from this equity investment, net of amortization of goodwill of $45,000.

(Tabular amounts stated in thousands of dollars)

## 3. Acquisitions (continued):

(b) On August 31, 2000, the Company acquired all issued and outstanding shares of a private oilfield services company for $23,270,000 comprised of cash consideration of $16,561,000,common share consideration of $5,709,000, and additional contingent cash consideration of $1,000,000 which was paid in 2001. The additional contingent consideration of $1,000,000 was based on a certain financial earnings target for the period August 1, 2000 to July 31, 2001. This acquisition has been accounted for by the purchase method, and results of operations have been included in these financial statements from the date of acquisition.

| | | |
|---|---|---|
| Assets: | | |
| Non-cash working capital items | $ | (8,733) |
| Fixed assets | | 20,495 |
| Goodwill | | 13,904 |
| | $ | 25,666 |
| Assumed liabilities: | | |
| Long-term debt | $ | 2,453 |
| Future income taxes | | 5,068 |
| | $ | 7,521 |
| Net assets before cash position | $ | 18,145 |
| Cash position | | 5,125 |
| | $ | 23,270 |
| Consideration: | | |
| Cash paid during 2000 | $ | 16,561 |
| Common shares | | 5,709 |
| Cash paid during 2001 | | 1,000 |
| | $ | 23,270 |

## 4. Investments:

| | | **2001** | | 2000 |
|---|---|---|---|---|
| Portfolio investments | **$** | **3,569** | $ | 4,069 |
| Investments accounted for by the equity method | | **6,380** | | 542 |
| | **$** | **9,949** | $ | 4,611 |

The market value of portfolio investments at December 31, 2001 is $3,150,000 (2000 – $3,847,000).

The Company paid $388,000 (2000 – $287,000) to a 45% owned entity for purchased transportation in the normal course of business with the same terms and conditions as transactions with unrelated companies. In addition, a long-term loan of $500,000 (2000 – $500,000) is receivable from this same entity, bears interest at 12% and is repayable on demand at the option of the Company.

(Tabular amounts stated in thousands of dollars)

## 5. Fixed assets:

| December 31, 2001 | Cost | Accumulated depreciation | Net book value |
|---|---|---|---|
| Land | $ 5,967 | $ – | $ 5,967 |
| Buildings | 20,826 | 4,141 | 16,685 |
| Trucks and trailers | 133,256 | 48,826 | 84,430 |
| Equipment, furniture and fixtures | 9,636 | 5,203 | 4,433 |
| Automobiles, computer equipment and computer software | 10,436 | 6,419 | 4,017 |
| Satellite communications equipment | 4,002 | 2,765 | 1,237 |
| | $ 184,123 | $ 67,354 | $ 116,769 |

| December 31, 2000 | Cost | Accumulated depreciation | Net book value |
|---|---|---|---|
| Land | $ 6,006 | $ – | $ 6,006 |
| Buildings | 18,837 | 3,599 | 15,238 |
| Trucks and trailers | 123,338 | 41,294 | 82,044 |
| Equipment, furniture and fixtures | 7,721 | 4,369 | 3,352 |
| Automobiles, computer equipment and computer software | 8,956 | 5,314 | 3,642 |
| Satellite communications equipment | 3,768 | 2,435 | 1,333 |
| | $ 168,626 | $ 57,011 | $ 111,615 |

## 6. Bank indebtedness:

The Company has a $35 million credit facility with a Canadian chartered bank which if utilized, would bear interest at bank prime rate, or at the bankers' acceptance rate plus prime acceptance stamping fee.

This facility is payable on demand, and is secured by limited guarantees from the Company's subsidiaries supported by general security agreements on accounts receivable except for a guarantee from one subsidiary which is supported by a general security agreement on assets.

(Tabular amounts stated in thousands of dollars)

## 7. Long-term debt:

| | 2001 | 2000 |
|---|---|---|
| Various financing loans with rates varying between 7.5% and 8.62% with monthly blended principal and interest payments not exceeding $93,850, expected to be repaid in 2002. These loans are secured by certain operating equipment. | $ 1,038 | $ 2,911 |
| Various bank loans with rates of bank prime rate plus 1.25% with monthly blended principal and interest payments of $44,605. | – | 1,363 |
| | 1,038 | 4,274 |
| Less: current portion | 1,038 | 2,163 |
| | $ – | $ 2,111 |

## 8. Income taxes:

The provision for income taxes differs from the amounts which would be obtained by applying the expected Canadian income tax rates as follows:

| | 2001 | 2000 |
|---|---|---|
| Income tax rate | 42% | 45% |
| Income before income taxes, earnings from equity investment and amortization of goodwill | $ 52,440 | $ 46,094 |
| Computed expected tax expense | 22,025 | 20,742 |
| Reduction of future tax balances due to substantively enacted tax rate reductions | (1,159) | (3,850) |
| Other | (497) | (267) |
| Provision for income taxes | $ 20,369 | $ 16,625 |

The Government of Alberta introduced a tax rate reduction of 2% in its 2001 budget which became effective on April 1, 2001. The effect of the tax rate reduction on the Company's future tax balances has been reflected as a reduction of future tax expense in 2001. Tax rate reductions in Ontario and British Columbia have been reflected as a reduction of future tax expense in 2001.

The Federal Government of Canada introduced tax rate reductions to be implemented over the next four years in its February 28 and October 18, 2000 budgets. The effect of the combined 7% tax rate reduction on the Company's future tax balances has been reflected as a reduction of future tax expense in 2000.

The future income tax liability of $25,373,000 (2000 – $24,558,000) results from the difference between the carrying value of fixed assets and their related tax value, at year end substantively enacted tax rates, of $22,229,000 (2000 – $23,522,000), and the Company's share of partnership income taxable in future periods of $3,144,000 (2000 – $1,036,000).

(Tabular amounts stated in thousands of dollars)

## 9. Share capital:

(a) Authorized:

Unlimited number of common shares with no par value

Unlimited number of preferred shares with no par value

(b) Issued:

| | Common shares | Amount |
|---|---|---|
| December 31, 1999 | 13,666,630 | $ 42,372 |
| Stock options exercised | 258,200 | 3,006 |
| Repurchase of common shares | (163,600) | (507) |
| Issued on acquisition of subsidiary | 250,000 | 5,709 |
| December 31, 2000 | 14,011,230 | 50,580 |
| Stock options exercised | 431,650 | 6,052 |
| December 31, 2001 | 14,442,880 | $ 56,632 |

(c) Stock-based compensation plan:

As at December 31, 2001 there are stock options outstanding to purchase 700,200 (2000 – 1,116,850) common shares at prices ranging from $3.20 to $26.00 per share with expiry dates ranging from February 28, 2004 to September 5, 2011.

Under the Company Stock Option Plan, the Company may grant options to its employees and directors for up to 2,402,149 shares of common stock which have been reserved for this purpose. As at December 31, 2001, 1,875,499 options have been granted. Under the plan, the exercise price of each option equals the market price of the Company's stock on the date of the grant and an option's maximum term is ten years. Options are granted throughout the year and vest over periods ranging up to three years under the Plan.

A summary of the status of the Company's stock option plan as of December 31, 2001 and 2000, and changes during the years ending on those dates is presented below:

| | **2001** | | 2000 | |
|---|---|---|---|---|
| | **Options** | **Weighted-average exercise price** | Options | Weighted-average exercise price |
| Outstanding beginning of year | **1,116,850** | **$ 15.87** | 1,245,050 | $ 14.30 |
| Granted | **56,000** | **24.52** | 194,000 | 20.59 |
| Exercised | **(431,650)** | **(14.02)** | (258,200) | (11.64) |
| Cancelled | **(41,000)** | **(14.99)** | (64,000) | (16.70) |
| Outstanding end of year | **700,200** | **$ 13.66** | 1,116,850 | $ 15.87 |
| Exercisable end of year | **492,773** | **$ 12.41** | 589,463 | $ 14.23 |

(Tabular amounts stated in thousands of dollars)

## 9. Share capital (continued):

The range of exercise prices for options outstanding at December 31, 2001 are as follows:

| | Options Outstanding | | | Exercisable Options | |
|---|---|---|---|---|---|
| Range of exercise prices | Number outstanding | Weighted average remaining life | Weighted average exercise price | Number exercisable | Weighted average exercisable price |
| $3.20 to 11.70 | 161,750 | 3 | $ 5.99 | 150,750 | $ 5.57 |
| 12.45 to 17.20 | 459,800 | 7 | 14.76 | 311,137 | 14.71 |
| 20.20 to 26.00 | 78,650 | 9 | 22.97 | 30,886 | 22.55 |
| $3.20 to 26.00 | 700,200 | 6 | $ 13.66 | 492,773 | $ 12.41 |

(d) Basic and diluted earnings per share:

| 2001 | Income (numerator) | Shares (denominator) | Per share amount |
|---|---|---|---|
| **Basic earnings per share** | | | |
| Income available to common shareholders | $ 30,679 | 14,312,857 | $ 2.14 |
| **Diluted earnings per share** | | | |
| Dilutive effect of stock option conversions | | 447,764 | |
| Income available to common shareholders | $ 30,679 | 14,760,621 | $ 2.08 |

| 2000 | Income (numerator) | Shares (denominator) | Per share amount |
|---|---|---|---|
| **Basic earnings per share** | | | |
| Income available to common shareholders | $ 30,771 | 13,740,876 | $ 2.24 |
| **Diluted earnings per share** | | | |
| Dilutive effect of stock option | | 399,185 | |
| Income available to common shareholders | $ 30,771 | 14,140,061 | $ 2.18 |

(e) Plan of arrangement:

Under the terms of the April 2001 Plan of Arrangement (note 13), the exercise price of stock options issued and outstanding prior to the split-off of Moveitonline Inc. on June 1, 2001 was reduced by $3.80.

(Tabular amounts stated in thousands of dollars)

## 10. Commitments:

The Company is committed to payments under operating leases for equipment and buildings through 2006 and beyond. Annual minimum payments required subsequent to 2001 are as follows:

| | |
|---|---|
| 2002 | $ 3,104 |
| 2003 | 1,136 |
| 2004 | 574 |
| 2005 | 184 |
| 2006 and thereafter | 198 |
| | $ 5,196 |

## 11. Financial Instruments:

*Fair values*

The carrying values of cash, accounts receivable, dividends payable, accounts payable and accrued liabilities approximate their fair value due to their short terms to maturity. The fair value of investments, long-term debt and other assets included in the consolidated balance sheet do not materially differ from their carrying values.

*Credit risk*

The Company hauls a wide variety of freight for a broad customer base which spans numerous industries. Longer term contracts are with large, well established customers. During 2001 and 2000, no one customer accounted for more than 10% of the Company's revenue.

*Foreign exchange rate fluctuation*

The Company is exposed to foreign currency fluctuation in relation to its United States subsidiary and activity in foreign jurisdictions. Management believes this exposure is not material to its overall operations.

(Tabular amounts stated in thousands of dollars)

## 12. Segmented Information:

The Company conducts its business through wholly-owned subsidiaries which are categorized into two business segments. The Oilfield services segment primarily provides transportation services to the oil and gas industry which includes exploration and development companies and production and gas transmission companies. The Trucking segment provides both long haul and local transportation services to customers in various industries.

As per note 13, the logistics business segment has been disposed of and has been accounted for as a discontinued business segment. The following segmented information is for continuing operations only and comparatives have been restated so as to remove the discontinued business segment.

### 2001

| Segment | Revenue | Operating income | Assets | Capital expenditures |
|---|---|---|---|---|
| Oilfield services | $ 155,952 | $ 38,493 | $ 111,588 | $ 16,154 |
| Trucking | 195,178 | 26,550 | 90,126 | 7,064 |
| Other | 74 | 211 | 29,823 | 66 |
| Intersegment eliminations: | | | | |
| Oilfield services | (625) | – | – | – |
| Trucking | (997) | – | – | – |
| | $ 349,582 | $ 65,254 | $ 231,537 | $ 23,284 |

### 2000

| Segment | Revenue | Operating income | Assets | Capital expenditures |
|---|---|---|---|---|
| Oilfield services | $ 123,815 | $ 28,574 | $ 105,719 | $ 7,355 |
| Trucking | 199,552 | 29,448 | 92,730 | 4,489 |
| Other | 332 | (570) | 30,550 | 245 |
| Intersegment eliminations: | | | | |
| Oilfield services | (935) | – | – | – |
| Trucking | (434) | – | – | – |
| | $ 322,330 | $ 57,452 | $ 228,999 | $ 12,089 |

Amounts between different segments are not eliminated in reporting revenue and operating income by business segment. They are eliminated in reporting total consolidated revenue and operating income.

(Tabular amounts stated in thousands of dollars)

## 13. Discontinued operations:

Under the terms of the April 2001 Plan of Arrangement, the proprietary web-enabled e-business and the Logistics segment ("Moveitonline") was disposed of on June 1, 2001 and has been accounted for as discontinued operations. The carrying value of selected assets and liabilities and the net income attributable to the discontinued operations for the period ending December 31, 2001 and the year ended December 31, 2000 are as follows:

| | **December 31, 2001** | December 31, 2000 |
|---|---|---|
| Current assets | **$ –** | $ 16,230 |
| Other assets | **–** | 1,498 |
| Fixed assets | **–** | 189 |
| | **–** | 17,917 |
| Current liabilities | **–** | 13,847 |
| Due to related parties | **–** | 1,350 |
| Shareholders' equity | **–** | 2,720 |
| | **–** | 17,917 |
| Revenue of discontinued operations | **12,582** | 37,406 |
| Net income before income taxes | **1,012** | 4,844 |
| Income taxes | **406** | 2,185 |
| Results of operations prior to plan approval | **606** | 2,659 |
| Loss on disposal | **(755)** | – |
| Income taxes recovered | **318** | – |
| Net income from discontinued operations | **$ 169** | $ 2,659 |

The loss on disposal relates to the costs of disposition of Moveitonline. The amount charged against retained earnings of $13,328,000 represents the equity of Moveitonline at the time of disposal. All comparative numbers have been restated to reflect the disposal of discontinued operations.

Earnings per share from the discontinued operations are as follows:

| | **December 31, 2001** | December 31, 2000 |
|---|---|---|
| Earnings per share from the discontinued operations | **$ 0.04** | $ 0.19 |
| Loss on disposal per share from the discontinued operations | **(0.03)** | – |
| Earnings per share | **$ 0.01** | $ 0.19 |

During the period following the disposal of its logistics subsidiary, the Company continued business transactions with this former subsidiary. At December 31, 2001 an officer and director of the Company is a director of the former subsidiary. Subsequent to the disposal, the Company provided services to the logistics business of $5,200,000 in the normal course of business with the same terms and conditions as transactions with unrelated companies. Accounts receivable relating to these services at December 31, 2001 were $517,000.

# Seven Year Selected Financial Data

Years ended December 31
($ thousands, unaudited)

| | 2001 | (restated)* 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|---|---|
| REVENUE | **$ 349,582** | 322,330 | 261,111 | 216,980 | 228,522 | 183,317 | 134,609 |
| EXPENSES | | | | | | | |
| Direct operating expenses | **246,534** | 230,090 | 189,828 | 154,106 | 160,726 | 134,049 | 98,743 |
| Selling and administrative expenses | **37,794** | 34,788 | 27,967 | 24,659 | 25,611 | 19,726 | 14,439 |
| OPERATING INCOME | **65,254** | 57,452 | 43,316 | 38,215 | 42,185 | 29,542 | 21,427 |
| Depreciation | **12,937** | 11,362 | 11,504 | 7,077 | 6,559 | 6,249 | 5,259 |
| Interest on long-term debt | **158** | 460 | 858 | 203 | 552 | 906 | 955 |
| Other interest | **44** | 44 | 67 | – | 125 | 109 | 150 |
| Gain on sale of fixed assets | **(325)** | (508) | (730) | (345) | (365) | (15) | (292) |
| INCOME BEFORE INCOME TAXES, EARNINGS FROM EQUITY INVESTMENTS AND AMORTIZATION OF GOODWILL | **52,440** | 46,094 | 31,617 | 31,280 | 35,314 | 22,293 | 15,355 |
| PROVISION FOR INCOME TAXES | | | | | | | |
| Current | **19,624** | 19,179 | 13,818 | 13,570 | 15,277 | 8,932 | 5,946 |
| Future | **745** | (2,554) | – | – | – | – | – |
| Deferred | **–** | – | 881 | 753 | 1,249 | 1,776 | 1,297 |
| | **20,369** | 16,625 | 14,699 | 14,323 | 16,526 | 10,708 | 7,243 |
| INCOME BEFORE EARNINGS FROM EQUITY INVESTMENTS AND AMORTIZATION OF GOODWILL | **32,071** | 29,469 | 16,918 | 16,957 | 18,788 | 11,585 | 8,112 |
| EARNINGS FROM EQUITY INVESTMENTS | **479** | 42 | – | 770 | – | – | – |
| NET INCOME BEFORE AMORTIZATION OF GOODWILL | **32,550** | 29,511 | 16,918 | 17,727 | 18,788 | 11,585 | 8,112 |
| AMORTIZATION OF GOODWILL | **2,040** | 1,399 | 1,152 | 165 | – | – | – |
| NET INCOME FROM CONTINUING OPERATIONS | **$ 30,510** | 28,112 | 15,766 | 17,562 | 18,788 | 11,585 | 8,112 |
| NET INCOME FROM DISCONTINUED OPERATIONS | **169** | 2,659 | – | – | – | – | – |
| NET INCOME | **$ 30,679** | 30,771 | 15,766 | 17,562 | 18,788 | 11,585 | 8,112 |

*2000 and 2001 figures have been restated to account for discontinued operations.

# Seven Year Selected Financial Data

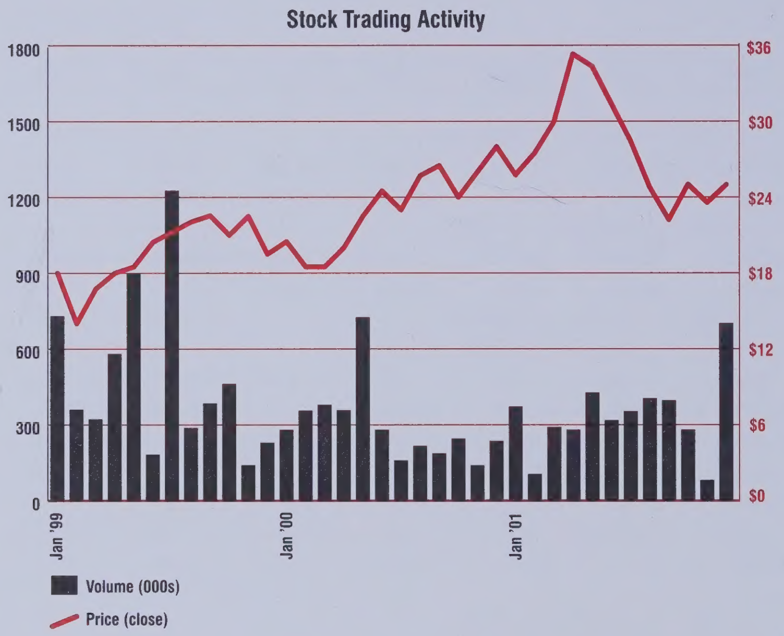
Years ended December 31
($ thousands, unaudited)

| | 2001 | (restated)* 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---|---|---|---|---|---|---|
| **RATIOS – OPERATING** | | | | | | | |
| Return on equity (1) | **18.3%** | 21.1% | 12.9% | 17.0% | 21.9% | 16.6% | 19.1% |
| Gross margin – percent of revenue (2) | **29.5%** | 28.6% | 27.3% | 29.0% | 29.7% | 26.9% | 26.6% |
| Selling and administrative expenses (percent of revenue) | **10.8%** | 10.8% | 10.7% | 11.4% | 11.2% | 10.7% | 10.7% |
| Operating ratio (3) | **85.5%** | 86.0% | 88.0% | 85.5% | 84.3% | 87.3% | 87.8% |
| **FINANCIAL POSITION** | | | | | | | |
| Acid test ratio (4) | **2.15** | 1.61 | 2.25 | 1.72 | 2.66 | 2.24 | 2.66 |
| Net fixed assets | **$ 116,769** | $ 111,615 | $ 93,288 | $ 72,569 | $ 64,163 | $ 63,470 | $ 52,074 |
| Total assets | **$ 231,537** | $ 228,999 | $ 176,802 | $ 144,987 | $ 137,331 | $ 114,021 | $ 92,637 |
| Long-term debt (including current portion) | **$ 1,038** | $ 4,274 | $ 6,211 | $ – | $ 5,291 | $ 9,439 | $ 11,142 |
| Shareholders' equity | **$ 176,520** | $ 158,535 | $ 133,387 | $ 111,155 | $ 95,917 | $ 75,897 | $ 63,919 |
| Debt to equity (5) | **0.01** | 0.03 | 0.05 | 0.00 | 0.06 | 0.12 | 0.17 |
| Funds from operations (6) | **$ 45,428** | $ 37,769 | $ 28,573 | $ 24,442 | $ 26,231 | $ 19,595 | $ 14,376 |
| **COMMON SHARE DATA** | | | | | | | |
| Funds from operations per share (7) | **$ 3.17** | $ 2.75 | $ 2.15 | $ 1.84 | $ 1.99 | $ 1.51 | $ 1.30 |
| Book value per share (8) | **$ 12.22** | $ 11.31 | $ 9.76 | $ 8.45 | $ 7.25 | $ 5.82 | $ 4.93 |
| Earnings per share (9) | **$ 2.14** | $ 2.24 | $ 1.18 | $ 1.32 | $ 1.43 | $ 0.89 | $ 0.73 |
| Price earnings ratio (10) | **11.7** | 12.5 | 16.5 | 12.3 | 14.7 | 17.4 | 13.5 |
| Weighted average of number of common shares outstanding | **14,312,857** | 13,740,876 | 13,310,487 | 13,257,551 | 13,175,576 | 13,003,244 | 11,063,779 |

*2000 and 2001 figures have been restated to account for discontinued operations.

(1) Return on equity was calculated by dividing net income by average shareholders' equity
(2) Gross margin was calculated by dividing sales less direct operating costs by sales
(3) Operating ratio was calculated by dividing the total cost before taxes, and Interest as a percentage of revenue
(4) Acid test ratio was calculated by dividing cash plus accounts receivable by current liabilities
(5) Debt to equity was calculated by dividing total debt by shareholders' equity
(6) Funds from operations was calculated as funds from operations before the effect of changes in non cash working capital items
(7) Funds from operations per share was calculated by dividing funds from operations by weighted average number of shares outstanding
(8) Book value per share was calculated by dividing common shareholders' equity by the number of common shares outstanding
(9) Earnings per share was calculated by dividing net income by the weighted average number of shares outstanding
(10) Price earnings ratio was calculated by dividing year-end closing price by earnings per share

# Shareholder Information




| | |
|---|---|
| OPENING PRICE JANUARY 1/01 | $28.00 |
| CLOSING PRICE DECEMBER 31/01 | $24.95 |
| TOTAL # OF SHARES TRADED IN 2001 | 4,057,115 |

## TRANSFER AGENT AND REGISTRAR

CIBC Mellon Trust Company
600, 333 – 7 Avenue S.W.
Calgary, Alberta
T2P 4P4
Website: www.cibcmellon.com

Mailing Address:
P.O. Box 2517
Calgary, Alberta
T2P 2Z1
Telephone: (403) 232-2400

## STOCK EXCHANGE

The Toronto Stock Exchange
Trading Symbol: MTL

## ONLINE INFORMATION

This annual report can be viewed electronically at: www.mullen-trans.com

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of Mullen Transportation Inc. will be held on Wednesday, May 1st, 2002 at 3:00 p.m. in the McMurray Room at the Calgary Petroleum Club, 319–5th Avenue S.W., Calgary, Alberta.

# Corporate Information

## DIRECTORS AND OFFICERS

**Roland O. Mullen** [2]
Director

**Murray K. Mullen**
Chairman, President,
Chief Executive Officer and Director

**Bruce W. Mullen**
Senior Vice President and Director

**David E. Mullen**
Senior Vice President and Director

**Francis M. Saville, Q.C.** [2]
Director

**K. Guy Nelson** [1]
Director

**Bruce W. Simpson** [1]
Director

**S. Patrick Shouldice** [1] [2]
Director

**David E. Olson**
Vice President, Finance and
Chief Financial Officer

**James E. Little**
Vice President, Quality and Training

**Sharon L. Kaiser**
Corporate Secretary

(1) Member of the Audit Committee

(2) Member of the Compensation, Nomination and Corporate Governance Committee

## HEAD OFFICE

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## LEGAL COUNSEL

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Mullen

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